Funds Managed by:

AKD Investment Management Ltd.

2013

annual report

AKD AGGRESSIVE INCOME FUND

AKD CASH FUND

AKD OPPORTUNITY FUND

AKD INDEX TRACKER 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

Aurangzeb Ali Naqvi
Director

Ahmed Abdul Sattar
Director

M. Ramzan Sheikh
Director

Nadeem Saulat 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. Aurangzeb Ali Naqvi
Mr. Ahmed Abdul Sattar**
Mr. Nadeem Saulat Siddiqui

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT & COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Mohammad Yasir Khan Ghouri

AUDIT COMMITTEE

Mr. M. Ramzan Sheikh (Chairman)
Mr. Aurangzeb Ali Naqvi (Member)
Mr. Ali Wahab Siddiqui (Member)
Mr. Muhammad Yaqoob (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)
JCR-VIS: AM3- (AM Three Minus)

** Appointed in place of Mr. Farrukh Shaukat Ansari who has resigned on June 29, 2013.

*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. Imran Motiwala became the CEO of AKD Investment Management Limited on 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 18 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 beginning 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 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. He is also a certified Director from Pakistan Institute of Corporate Governance.

Nadeem Saulat Siddiqui - Executive Director

Mr. Nadeem Saulat Siddiqui has 19 years of experience on senior positions of Sales, Marketing and resource development. He has been associated with Shaukat Khanum Memorial Cancer Hospital & Research Center over 16 years. He is serving at AKD Investment Management Limited since June 2009 and currently he is working under capacity of Executive Director at AKD Investment Management Limited. Mr. Siddiqui got his MBA degree from College of Business Administration, Lahore in the year 2000. His areas of expertise include sales, marketing, resource development and relationship building.

Muhammad Yaqoob - Chief Investment Officer and Company Secretary

Mr. Muhammad Yaqoob is currently working as the Chief Investment 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, AKD Aggressive Income Fund and AKD Cash Fund. He also participated in the conversion of AKD Index Tracker Fund from a Closed-end scheme to an open-end scheme. He is currently heading the team managing Collective Investment Schemes of Rs. 4 billion approximately . He holds a Masters in Business Administration majors in Finance and a candidate of CFA Level III. He is also on the Board of Pak Datacom Limited and Golden Arrow Selected Stocks Fund Limited. He is also a certified Director from Pakistan Institute of Corporate Governance.

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.

Aqib Elahi Mehboob - Head of Commodities

Mr. Aqib Elahi Mehboob is currently working as a Head of Commodities at AKD Investment Management Limited and has over 14 years experience in investment research, economics, broking and consulting in Pakistan and MENA. Mr. Aqib has served as Head and Director of research in two of Pakistan's top broking firms, as Standard Chartered's first economist for Pakistan, as a broker to the biggest global names in fund management, as a business research consultant to entities like Mubadala, ADCCI and Tawazun, and an economic consultant in the development sector. Mr. Aqib has a strong interest in global economic trends and asset selection to maximize returns from, in particular, secular themes that run contrary to consensus market opinion, which dovetails nicely with his commodities fund management role at the company. Mr. Aqib holds a BSc (Hons) degree in Economics from the Lahore University of Management Sciences (LUMS).

Omaer Sheikh - GM Sales

Mr. Omaer Sheikh is currently working as a GM Sales at AKD Investment Management Limited and has over 10 years of brokerage experience in the equity markets of Pakistan. He possesses special insight of market performance based on his substantial experience of the market place and his clients. Mr. Omaer has an in depth knowledge of various business approaches and corporate dynamics which is used to develop useful research on sector performance and indicators from the investment point of view.

Mohammad Yasir Khan Ghouri, ACA - Head of Internal Audit & Compliance

Mr. Yasir Ghouri joined AKD Investment Management Limited (AKDIML) in October 2012 as the Head of Internal Audit & Compliance. Prior to joining AKDIML, he was running his own audit firm; Ghouri & Co. Chartered Accountants as a Partner. He has bring along with him a rich eight years plus audit experience, including three and half years of mandatory articleship from KPMG Taseer Hadi & Co. Chartered Accountants. During his professional career, he acquired skills in auditing mutual funds in particular. He led his teams while auditing the mutual funds managed by JS Investments, UBL Fund Managers. He has also been seconded to KPMG UAE for three months. Mr. Yasir Ghouri is a member of Institute of Chartered Accountants in Pakistan since August 2010 and also hold Masters in Economics. Currently, he is a candidate for Chartered Accountancy exams from the Institute of Chartered Accountants in England and Wales.

Carrow Michael - Head of Operations

Mr. Carrow Michael is currently working as a Head of Operations at AKD Investment Management Limited. Mr. Michael started his career with AKD Investment Management Limited in 2006 as an Operations Officer and since then has served on various positions in Operations Department within the AKDIML. Mr. Michael holds a Masters Degree in Finance from Khadim Ali Shah Bukhari Institite of Technology, Karachi. His areas of expertise include system development, customer support and information technology.

Report of the Directors of the Management Company

The Board of Directors of AKD Investment Management Limited the Management Company of AKD Aggressive Income Fund, AKD Cash Fund, AKD Opportunity Fund and AKD Index Tracker Fund is pleased to present its report along with financial statements for the financial year ended June 30, 2013.

Pakistan's benchmark equity Index the KSE-100 returned a robust 52% in FY13, easily making the Pakistan market one of the best performing in the world. For all the negative headlines that Pakistan generates, this is not a surprise - since 2000 the KSE-100 Index has on average delivered returns of 30% p.a. Foreign institutional investors have played a key role in generating price discovery with net FPI since early 2009 clocking in at more than US$1bn. As a result, foreign investors now own over US$3bn worth of Pakistani equities or about 30% of the available float.

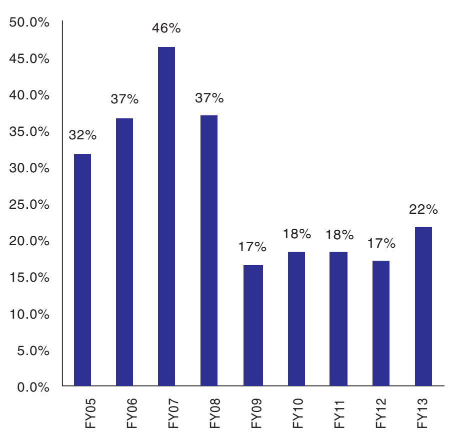
Despite robust returns however, the market continues to trade at an attractive FY14 P/E of 7.5x a forward dividend yield of 6.92% and a market capitalization/GDP ratio of 21.2%, much lower than the peak level of 46% achieved in FY07.

Genesis of market performance: After gaining in tandem with world equity markets as normalization returned post the events of the global financial crisis, the Pakistan market has substantially outperformed global equities over the last two years. Stellar 52% returns in FY13 were made possible by:

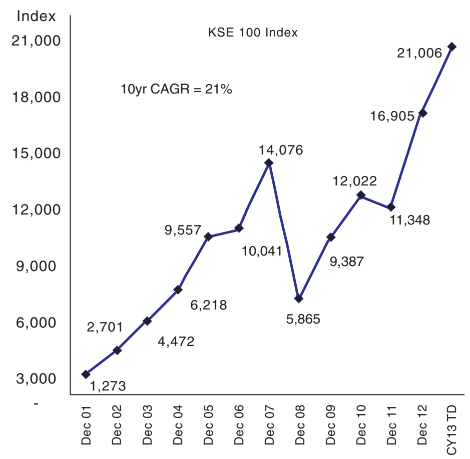
- Capital Gains Tax reforms (at-source tax deduction and exemption from enquiry into source of funds until Jun'14)
- Monetary Easing with the central bank reducing interest rates by 500bps since Jun'11 to 9.5% at present
- Robust corporate profitability where profit growth for top-tier Pakistani companies was up 25%YoY in 2011 and 15%YoY in 2012

In 2013, strong price performance has coincided with the smooth transference in democratic power to an elected government that has promised to prioritize power sector reforms and improve law & order conditions. In this regard, it is estimated that Pakistan may be able to boost its GDP growth (capped in the 3%-4% range across the last 5yrs) by 1.5%-2% by resolving just the energy issues. Pakistan's historic May'13 elections, which marked the first ever transfer in power between two democratically elected governments, was a watershed event in the country's 65 year history. With election campaigns driven by domestic concerns such as blackouts, there is an emerging consensus that any government will have to perform if it intends to return to the ballot boxes after 5yrs. This can only mean positives for the economy and the country as a whole.

KSE Market Capitalization as % of GDP



KSE Returns CAGR



Long Term Drivers: With a population in excess of 180mn, Pakistan is the 6th most populous country in the world. This leads to strong domestic demand and is one of the key long-term drivers for growth. Other factors include:

A definitive youth bulge: According to the UNICEF, Pakistan has one of the world's largest youth bulges with 35% of the population aged 15 or under which can potentially translate into a significant demographic dividend. One of the concerns that Pakistan has faced historically has been a troublesome law & order situation stemming from Pakistan's status as a frontline US ally in the War on Terror within the backdrop of macroeconomic weaknesses. In this regard, unofficial figures estimate that more than 50,000 people including civilians and armed forces personnel have been killed since 2001. Now, with the gradual unwinding of the War on Terror, it is expected that economic growth will once again be prioritized with a view to generating opportunities for a growing workforce.

Abundance of natural resources: Pakistan has immense resource potential and is one of the world's largest producers of key commodities including:

- Buffalo Milk (2nd largest)
- Buffalo Meat (2nd largest)
- Cotton (4th largest)
- Mangoes (4th largest)
- Onions (4th largest)

At the same time, Pakistan has vast undeveloped copper and coal reserves, tagging in at a 5th and 6th largest, respectively, in the world. By harnessing its resource potential, Pakistan has been able to double its exports to US$25bn over the last 10yrs. In this regard, major exports include cotton yarn, finished textile products, food products, sports goods and surgical instruments, among others.

Natural trade/energy corridor: Given its geostrategic location - Pakistan neighbors India and China, two of the swiftest growing economic powerhouses in the world - Pakistan can act as a compelling transit point between Central Asian Republics and the East. In this regard, although law & order concerns have thwarted efforts to realize Pakistan's true potential, the new government appears focused on increasing regional trade by first shoring up bilateral relations. Note that Prime Minister's first bilateral visit after elections is to China with plans to build distribution points for transmission of oil & gas to Western China from Pakistan's Gwadar Port.

Undocumented economy: While Pakistan's official GDP size stands at about US$250bn, translating into a Per Capita Income of US$1,375, Pakistan has a large undocumented economy even acknowledged by the central bank. According to independent estimates, the undocumented economy is 35%-50% of the documented economy which would take the total size of the economy to US$337bn-US$375bn translating into a Per Capita Income of US$1,875-US$2,100.

Robust remittances: Remittances increased from US$2.4bn in fiscal 2002 to US$13.92bn in fiscal year 2013 an increase of 5.8x due to reformed initiatives taken in the last several years resulting from facilitating the non-resident Pakistanis at large an initiative that was long overdue. Strong remittances ensure that despite reliance on imported oil (~30% of the import bill), Pakistan Current Account deficit remains relatively small.

Strong corporate sector: Pakistan has institutionalized full recognition of IFRS accounting standards leading to comprehensive disclosures. Furthermore, the Securities and Exchange Commission of Pakistan has recently revised the Code of Corporate Governance in the year 2012 that is applicable to all listed companies. Revised measures include the CEO and Chairman not to be the same person and Chairman Audit Committee to be an Independent Director, to name a few. At the same time, Pakistani corporates have time and again been acknowledged to be among the best managed in the region.

Outlook: Positives aside, Pakistan's economy continues to face challenges, first and foremost being the Balance of Payments position. Key checkpoints going forward include:

IMF program: With FX exchange reserves import cover down to less than 2 months, entry into an IMF program had been imminent. This should lead to comfort on the external front and also pave the way for release of further funds from World Bank, ADB and other lenders. Participation in an IMF program would also lead to structural reforms particularly in the energy space and in terms of effort to increase the tax base (low Tax-to-GDP ratio of 9.5% leads to a high fiscal deficit - estimated in excess of 8% of GDP in FY13 being the pre-conditions. Furthermore, this would shore up the PkR exchange rate which operates under a managed float regime and has depreciated by approximately 5.7%FYTD.

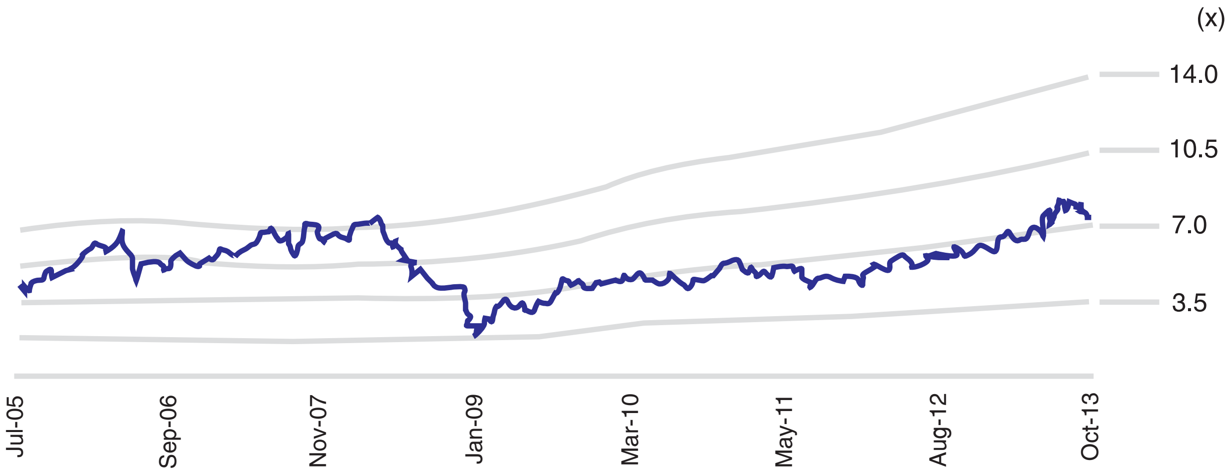
Power sector reforms: At current levels, Pakistan's energy shortfall stands around 5,000MW. That said, it is worth mentioning that the actual power shortage is not due to an imbalance between the demand and supply but rather it is fueled by mismanagement. In this regard, the ground realities are that more than half of the electricity generated emanates from thermal based plants, the most expensive source of generation, in contrast to production from cheaper fuels like coal, hydel etc. as observed globally. Now, the government is expected to focus on power sector reforms including increase in power tariffs and improvement in the distribution network and in recovery efforts. Resolution here will imply spillover positives for the industrial sector thereby encouraging banks to lend to the private sector.

Increased FDI/privatizations: Recent data suggests that FDI into Pakistan has bottomed out and is primed to increase going forward with interest in the energy, telecom and financial services sectors, among others. At the same time, the new government is expected to focus on revamping inefficient Public Sector Entities and revive the privatization program. This should further help bring Pakistan onto the radar screens of foreign investors.

MSCI upgrade: Qatar and UAE will be upgraded to the MSCI EM Index from next year as a result of which Pakistan's weight in the MSCI FM Index will increase to 7% from about 5% at present. At the same time, considering that Pakistan meets the quantitative criteria for upgrade to Emerging Markets, an upgrade to the Emerging Markets categorization appears a distinct possibility over the medium-term. This should open a new class of funds to Pakistan and also help in valuation re-rating. Further re-rating can emerge through reintroduction of a revamped leverage product where the Pakistan market predominantly operates on cash basis at present.

Pakistan market Outlook: Despite robust returns over the last few years we believe, Pakistan's equity market valuations remain un-stretched. With the country expected to achieve macroeconomic stability under an IMF program soon, investor attention should remain intertwined with fundamentals and corporate profitability which remains reliant (expected to grow in double-digits in FY14).

Pakistan's P/E band



COMPLIANCE WITH THE CODE OF CORPOARTE GOVERNANCE

(a) The financial statements, prepared by the Management Company of the Funds, present its state of affairs fairly, 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) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.

(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 existing system of internal control is sound in design and has effectively implemented. The existing system of internal control and other procedures has been supervised by the Head of Internal Audit & Compliance who is suitably qualified and well versed with the Company's policy. The process of review will continue and any weakness in controls will have immediate attention of the Management.

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

(g) The Corporate Governance regulations, as detailed in the listing regulations, have been fully complied.

(h) No Statutory payment on account of taxes, duties, levies and other charges is outstanding towards the Company or funds other than as disclosed in Financial Statements.

(i) During the year, six meetings of the Board of Directors were held. The details of meeting of Board and attendance is as under:

Name of Director	Total No. of Meetings Held	Meetings Attended	Leave Granted
Mr. Farrukh Shaukat Ansari*	6	5	1
Mr. Imran Motiwala	6	6	-
Mr. Ali Qadir Gilani*	4	1	3
Mr. M.Ramzan Sheikh	6	3	3
Mr. Muhammad Amin Hussain*	6	4	2
Mr. Nadeem Saulat Siddiqui	6	6	-
Mr. Aurangzeb Ali Naqvi	6	6	-
Mr. Abdul Karim Memon**	1	1	-

*Mr. Ali Qadir Gilani, Mr. Muhammad Amin Hussain and Mr. Farrukh Shaukat Ansari resigned on February 11, 2013, April 27, 2013 and June 29, 2013 respectively.

** Mr. Abdul Karim Memon was appointed as Director of the Management Company on April 20, 2013 in place of Mr. Ali Qadir Gilani.

Subsequent to the year end, Mr. Ali Wahab Siddiqui and Mr. Ahmed Abdul Sattar were appointed in place of Mr. Muhammad Amin Hussain and Mr. Farrukh Shaukat Ansari respectively.

No trade in the units of Funds have been carried out by Directors, CEO, CFO / Company Secretary, Head of Internal Audit 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 Index Tracker Fund				
1.	Mr. Imran Motiwala	CEO	-	45,886
2.	Mrs. Sehr Imran	Spouse - CEO	42,990	42,990
AKD Opportunity Fund				
1.	Mr. Imran Motiwala	CEO	-	11,617
2.	Mr. Nadeem Saulat Siddiqui	Director	-	13,621
	Mr. Muhammad Yaqoob	Company Secretary	-	3,830
	Mrs. Sehr Imran	Spouse - CEO	-	17,832
	Mrs. Maliha Yaqoob	Spouse - Company Secretary	3,402	5,733
AKD Aggressive Income Fund				
1.	Mrs. Sehr Imran	Spouse - CEO	8,529	8,529
AKD Cash Fund				
1.	Mrs. Sehr Imran	Spouse - CEO	8,529	9,864
2.	Mrs. Maliha Yaqoob	Spouse - Company Secretary	-	1,496

DIRECTOR'S TRAINING PROGRAM

During the year Mr. Imran Motiwala - CEO has passed the Board Development Series Certificate training program conducted by the Pakistan Institute of Corporate Governance as of 30 June 2013. Further, arrangements are being made for the training program of remaining Directors of the Management Company.

RATING OF MANAGEMENT COMPANY

In June 2013 JCR-VIS Credit Rating Company Ltd. maintained the Management Quality (MQ) Rating of AKD Investment Management Limited at "AM3-" (AM-Three). Outlook on the rating has been revised from "Stable" to "Positive".

RATING OF FUNDS

AKD AGGRESSIVE INCOME FUND

JCR-VIS Credit Rating Company Limited has assigned the Fund Stability Rating of AKD Aggressive Income Fund (AKDAIF) at 'BBB(f)' (Triple B (f)) on June 19, 2013.

AKD OPPORTUNITY FUND

JCR-VIS Credit Rating Company Limited has assigned the Fund performance ranking of AKD Opportunity Fund (AKDOF) at "MFR 5-Star" on April 05, 2013.

AKD CASH FUND

JCR-VIS Credit Rating Company Limited has assigned the Fund stability rating of AKD Cash Fund (AKDCF) at AA+(f) (Double A plus (f)) on May 30, 2013.

PATTERN OF SHAREHOLDING

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 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 2013-2014 as recommended by the audit committee.

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 2013-2014 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 2013-2014 as recommended by the audit committee.

APPOINTMENT OF HEAD OF INTERNAL AUDIT

The Board of Directors during the year on the recommendation of the Human Resource & Remuneration Committee has approved the appointment of Head of Internal Audit in order to comply with the requirements of the Code of Corporate Governance.

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: October 10, 2013

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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
JCR-VIS: MFR 5-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

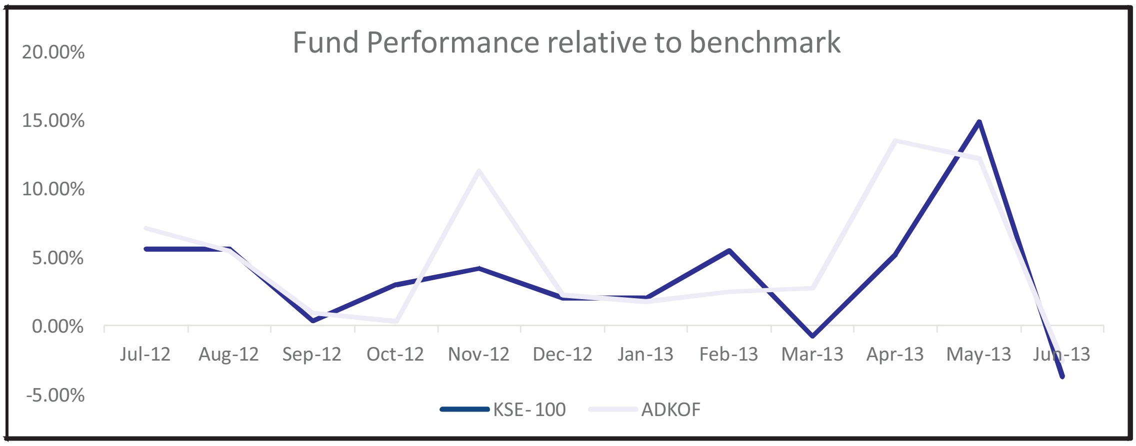
The investment objective of the Fund is to invest in the capital markets, searching for the optimal combination of investment strategies, mainly in equities, followed by fixed income and money market as contingent defensive strategy.

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

AKD Opportunity was the best performing open-end equity fund for a second consecutive year. For the fiscal year 2013, the return of the AKD Opportunity Fund stood at a whopping 72.88% versus the benchmark KSE-100 index of 52.20%, thus significantly outperforming the benchmark by 20.68%.

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	July 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	June 2013
AKD Opportunity Fund	7.13%	5.43%	0.92%	0.32%	11.28%	2.23%	1.73%	2.48%	2.75%	13.51%	12.21%	(2.62%)
Benchmark	5.62%	5.59%	0.35%	3.01%	4.17%	2.00%	2.00%	5.49%	(0.78%)	5.20%	14.96%	(-3.75%)

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 are 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)	June 2013	June2012
Equities	94.23%	97.90%
TFCs	-	-
Cash	5.34%	0.75%
Other Assets	0.43%	1.35%
Leverage	Nil	Nil

viii) Analysis of the Collective Investment Scheme's performance

FY 2013 Return	72.88%
Standard Deviation (12m trailing)	5.17%
Sharp Ratio (12m trailing)	12.19%

ix) Changes in total NAV and NAV per unit since the last review period since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per Unit		
30 June 2013	30 June 2012	Change	June 2013	June 2012	Change
Rs. 675,980,000	Rs. 335,584,000	101.43%	Rs. 60.97	Rs. 41.77	45.97%

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

Economic Review

The State Bank of Pakistan continued with its monetary loosening stance reduced the discount rate, focusing primarily on the private sector credit off-take. Inflationary pressures also eased during the year allowing financial space to the SBP to continue with its outlook. The last cut of 50bps brought the discount rate to 9.00%. While the Government remains by far the largest borrower, high interest rates have been weighing heavily on the economy both in terms of debt servicing and crowding out of the private sector. Hence, GDP growth has been much less that the Government's forecast of 4.30% standing at 3.3% also significantly lower than our neighboring economies. Although, it is evident that an interest rate cut is not sufficient to kick start the economy, as the law and order situation coupled with power outages is expected to restrain a foreseeable recovery, while monetary easing is indeed a step in the right direction. Hence, the general consensus of economic managers is that a 6% plus GDP growth can only stem from greater private sector participation, which is essentially a function of liquidity and interest rates while also focusing on addressing infrastructural weaknesses coupled with developing a national security plan to counter the menace of terrorism.

While inflationary pressures on a yearly basis have eased in the preceding year, however, it seems containing inflation in the fiscal year 2014 would be a towering task which has also been stated by the SBP in its recent monetary policy statement and resultantly the SBP increased the discount by 50bps to 9.5%. In the initial days of the new elected government it has been forced to take tough decisions in the wake of ballooning twin deficits. Increase in electricity and gas tariffs in order to extinguish subsidies which the country can no longer afford, which incidentally are the same preconditions for obtaining a much needed fresh standby arrangement from the IMF. Global commodities continue to remain volatile with recent wave of spring in the Arab world has again put an upward pressure on prices especially crude which continues to remain firm. In the absence of foreign inflows coupled with mounting debt repayments to the IMF and other donor agencies, the Pak Rupee remained under pressure touching an all-time high of PkR112 as of September 25, 2013, further increasing the cost of imports and fueling inflation.

In order to avert an imminent sovereign default a new arrangement from the IMF was inevitable; while the latter has already set pre-conditions including abolishment of subsidies and subsequent increase in the discount rate in anticipation of an increase in inflation to name a few.

Increasing electricity and gas tariffs being one of the toughest political decisions required some courage for the newly elected government and has resulted in difficulties however it shall eventually bear fruits in the longer term.

Expected improvement in ties with China and Saudi Arabia due to the recent visit by our prime minister has resulted in the signing of several MOU's and other commitments. The government remains optimistic with regards to the release of the outstanding balances of US$800mn from the Etisalat with respect to transfer of properties and in this regard the Finance Minister has already given deadlines to all provinces to ensure transfer of the remaining properties of Pakistan Telecommunications Limited accordingly. The government is also actively pursuing and is hopeful for a successful auction of the much awaited 3G licenses which should add respite to the local currency and economy. In addition, further improving US Pak relations is expected to play an essential role in the release of funds from other bilateral and multilateral donor agencies. These positive developments are expected to result in a more stable Pak Rupee.

While the economic scenario is expected to remain volatile, securities listed on the Karachi Stock Exchange have continued to show resilience as broad 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 totally pass on the inflationary pressures. The Karachi Stock Exchange trades at an attractive P/E of 7.5x, EPS growth of 17%, ROE of 21.75% and a dividend yield of 6.92%. 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. We would advise investors to continue to hold equities in their overall portfolio.

xi) Disclosure on distribution (if any), comprising:-

- **Particulars of the income distribution or other forms of distribution made and proposed during the period**

- **Statement of effects on the NAV before and after distribution is made.**

Distribution				
Declared on	**Bonus**	**Per Unit**	**Cum NAV**	**Ex NAV**
July 08 2013	Rs. 149,680,576	Rs. 13.5	Rs. 60.9681	Rs. 47.4681

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

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

xiii) Break down on unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	333
10,000 - 49,999	46
50,000 - 99,999	19
100,000 - 499,999	13
500,000 and above	2
	413

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

No soft commissions have 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, 2013

Particulars	Unit Holders	Unit Holders	Percentage
Individuals	384	3,645,693	32.88%
Associated Companies and Directors	2	188,853	1.70%
Banks/DFIs	1	3,884,759	35.04%
Retirement Funds	23	3,231,450	29.15%
Others	3	136,695	1.23%
Total	**413**	**11,087,450**	**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 Opprtunity 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, 2013 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.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 11, 2013

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	Name
Independent Directors	Mr. M. Ramzan Shaikh Mr. Ali Wahab Siddiqui
Executive Directors	Mr. Imran Motiwala - Chief Executive Officer Mr. Nadeem Saulat Siddiqui
Non Executive Directors	Mr. Aurangzeb Ali Naqvi Mr. Abdul Karim Memon Mr. Ahmed Abdul Sattar*

*Appointed subsequent to the year end in place of Mr. Farrukh Shaukat Ansari who had resigned on June 29, 2013

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

2. The directors of the Management Company have confirmed that none of them is serving as a director on more than ten 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. Casual vacancies occurring on the Board on 11 February 2013, 27 April 2013 and 29 June 2013 were filled up by the directors within the statutory period of 90 days.

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. Mr. Imran Motiwala (Chief Executive Officer) has passed the Board Development Series Certificate training program conducted by the Pakistan Institute of Corporate Governance as of 30 June 2013. Further, arrangements are being made for the training program of remaining Directors of the Management Company. Further Directors have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the Management Company.

10. 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 Chief Executive Officer and Chief Financial Officer 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 the Chairman of the Committee is an independent director. Furthermore, during the year, one casual vacancy has occurred on the Audit Committee, which has been fulfilled within the ninety days (90) of occurrence.

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. Furthermore, during the year, one casual vacancy had occurred on June 29, 2013 which has been fulfilled, subsequent to the year end, in due course.

18. The Board had previously outsourced internal audit function to M/s. Rafaqat Mansha Mohsin Dossani Masoom & Co. who was removed during the year and the full responsibility of internal audit function was given to Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Management Company.

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 applicable material principles enshrined in the Code have been complied with except those that are not yet applicable.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 10, 2013

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 Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Management Company of **AKD Opportunity Fund** ("the Fund") to comply with the listing regulations of the 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. A review is limited primarily to inquiries of the Management Company's 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further sub-regulation (x) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the Fund to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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 as applicable to the Fund for the year ended 30 June 2013.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi: October 10, 2013

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 2013 and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' fund 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 2013 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: October 10, 2013

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2013

	Note	2013	2012
		(Rupees in '000)	
ASSETS			
Bank balances	4	**37,694**	2,556
Investments	5	**665,709**	335,489
Receivable against sale of investment		**3**	-
Dividend and profit receivables	6	**473**	593
Security deposits and other receivables	7	**2,600**	4,028
Total Assets		**706,479**	342,666
LIABILITIES			
Remuneration payable to the Management Company	8	**1,142**	536
Remuneration payable to the Trustee	9	**112**	55
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	**422**	365
Payable against purchase of investments		**3,484**	-
Amount payable on redemption of units		**12,461**	-
Accrued expenses and other liabilities	11	**1,351**	414
Provision for Workers' Welfare Fund	12	**11,516**	5,701
Unclaimed dividend		**11**	11
Total Liabilities		**30,499**	7,082
Net assets		**675,980**	335,584
Unit holders' fund (as per statement attached)		**675,980**	335,584
		(Number of Units)	
Number of units in issue	13	**11,087,450**	8,033,809
		(Rupees)	
Net assets value per unit (face value per unit Rs. 50/-)		**60.97**	41.77

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in '000)	
Income			
Gain on sale of 'held for trading investments' - net		**111,731**	71,506
Dividend income		**23,887**	28,076
Return / Mark-up on:			
- bank balances		**797**	774
- investment in debt securities		**-**	715
Unrealised gain on ' held for trading investments' - net		**126,288**	32,320
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net		**42,524**	(33,417)
		305,227	99,974
Expenses			
Remuneration to the Management Company	8	**8,875**	7,689
Remuneration to the Trustee	9	**886**	778
Annual fee to the Securities & Exchange Commission of Pakist	10	**422**	365
Securities transaction cost		**1,888**	889
Bank charges		**15**	11
Auditor's remuneration	14	**266**	249
Provision for Workers' Welfare Fund	12	**5,815**	1,764
Other expenses	15	**2,149**	1,808
		20,316	13,553
Net income for the year		**284,911**	86,421

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees in '000)	
Net income for the year	**284,911**	86,421
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**284,911**	86,421

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees in '000)	
Deficit at beginning of the year		
- Realised loss	**(154,577)**	(182,313)
- Unrealised loss	**(39,982)**	(98,667)
	(194,559)	(280,980)
Net income for the year	**284,911**	86,421
Final distribution of bonus for the year ended 30 June 2012 at the rate of Rs. 6.50 (2011:Nil) per unit distributed on 9 July 2012	**(52,220)**	-
	232,691	86,421
Surplus / (deficit) at end of the year	**38,132**	(194,559)
Represented by:		
- Realised loss	**(70,398)**	(154,577)
- Unrealised gain / (loss)	**108,530**	(39,982)
	38,132	(194,559)

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**284,911**	86,421
Adjustments for non-cash items:		
Unrealised gain on 'held for trading investments' - net	**(126,288)**	(32,320)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net	**(42,524)**	33,417
	116,099	87,518
(Increase) / decrease in assets		
Investments	**(203,932)**	127,937
Receivable against sale of investment	**(3)**	46,288
Dividend and profit receivables	**120**	(241)
Security deposits and other receivables	**1,428**	3,572
	(202,387)	177,556
Increase / (decrease) in liabilities		
Remuneration payable to the Management Company	**606**	(214)
Remuneration payable to the Trustee	**57**	(20)
Annual fee payable to the Securities and Exchange Commission of Pakistan	**57**	(80)
Payable against purchase of investments	**3,484**	(24,596)
Payable on redemption of units	**12,461**	(793)
Accrued expenses and other liabilities	**937**	(125)
Provision for Workers' Welfare Fund	**5,815**	1,764
	23,417	(24,064)
Net cash generated / (used) from operating activities	**(62,871)**	241,010
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	**291,160**	145,893
Amount paid on redemption of units	**(193,151)**	(389,131)
Net cash generated / (used) from financing activities	**98,009**	(243,238)
Net increase / (decrease) in cash and cash equivalents during the year	**35,138**	(2,228)
Cash and cash equivalents at beginning of the year	**2,556**	4,784
Cash and cash equivalents at end of the year	**37,694**	2,556

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees in '000)	
Net assets at beginning of the year	**335,584**	458,984
Amount received on issue of 7,310,316* (2012: 4,026,606) units	**291,160**	145,893
Amount paid on redemption of 4,256,675 (2012: 10,792,036) units	**(193,151)**	(389,131)
	98,009	(243,238)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	**(42,524)**	33,417
Total comprehensive income for the year	**284,911**	86,421
Net assets at end of the year	**675,980**	335,584
	(Rupees)	
Ex-distribution net asset value per unit as at the beginning of the year	**35.27**	31.01
Net asset value per unit as at the end of the year (Face value per unit Rs. 50/-)	**60.97**	41.77

* This includes 1,480,516 (2011: Nil) units as bonus units issued during the year.

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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.

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)
- Provision for taxation (note 3.7)
- Workers Welfare Fund liability (note 12)
- Other assets (note 3.16)

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 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginn ing on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Fund.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Fund.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale;

and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Fund.

- 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 have no impact on the financial statements of the Fund.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments have no impact of financial statements of the Fund.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- 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 amendments have no impact on the financial statements of the Fund.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on the financial statements of the Fund.

2.6 Changes in accounting policies

There were no changes in the accounting policies of the Fund during the year.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

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.

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

An equalisation account called the "element of income / loss included in prices of units sold less those in units redeemed" is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

During the previous year the Fund has revised the calculation of element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in the units redeemed. As per the revised calculation element is recognised in the income statement for the year to the extent that it is represented by income earned during the year. Previously, the element represented by income carried forward from previous periods was also recognised in the income statement.

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 (including the bonus units) declared subsequent to the balance sheet date are recorded in the year in which they are approved.

3.14 Other assets

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

4. BANK BALANCES

	Note	30 June 2013	30 June 2012
		(Rupees in '000)	
In profit and loss saving accounts	4.1	**37,667**	2,531
In current accounts		**27**	25
		37,694	2,556

4.1 These accounts carry profit rates ranging from 6% to 10.5% (30 June 2012: 6% to 10.5%) per annum.

5. INVESTMENTS

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

	Note	30 June 2013	30 June 2012
Listed equity securities (ordinary shares)	5.1	**665,709**	335,489

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 2012	Acquired during the year	Bonus / right shares received during the year	Disposed during year	Holding at end of the year 30 June 2013	Cost as of the year ended 30 June 2013	Market value / Carrying Value as at 30 June 2013	Percentage in relation to total market value of investment
	(Number of Share)					(Rupees in '000)		
Commercial Banks								
Bank Alfalah Limited	-	2,786,000	-	-	2,786,000	45,379	50,761	7.63
BankIslami Pakistan Limited	-	1,050,000	-	-	1,050,000	6,905	6,836	1.03
Habib Metropolitan Bank Limited	464,010	-	-	89,500	374,510	8,161	6,501	0.98
NIB Bank Limited	823,471	-	-	-	823,471	3,739	1,910	0.29
National Bank of Pakistan	-	250,000	-	250,000	-	-	-	-
Soneri Bank Limited	1,579,211	-	42,263	1,627,474	-	-	-	-
Habib Bank Limited	-	270,000	-	-	270,000	27,392	32,195	4.84
					5,303,981	**91,576**	**98,203**	
Non Life Insurance								
Adamjee Insurance Company Limited	-	35,000	-	35,000	-	-	-	-
Askari General Insurance Company Limited	-	561,500	-	-	561,500	10,064	10,669	1.60
Premier Insurance Limited	-	223,000	-	-	223,000	1,798	1,775	0.27
					784,500	**11,862**	**12,444**	
Personal Goods (Textile)								
Artistic Denim Mills Limited	876,062	-	-	876,062	-	-	-	-
Crescent Fibres Limited	-	37,000	-	-	37,000	1,038	1,158	0.17
Ellcot Spinning Mills Limited	105,138	15,500	-	-	120,638	3,592	7,828	1.18
Fazal Cloth Mills Limited	-	500	-	-	500	56	46	0.01
Gul Ahmed Textile Mills Limited	3,820	-	62,264	-	66,084	1,321	1,569	0.24
Island Textile Mills Limited	30,800	-	-	600	30,200	4,776	17,999	2.70
Nishat Mills Limited	-	100,000	-	100,000	-	-	-	-
Saif Textile Mills Limited	-	150,000	-	50,000	100,000	1,360	2,439	0.37
Samin Textiles Limited	-	53,500	-	-	53,500	440	425	0.06
Service Industries Limited	16,536	5,000	-	-	21,536	4,369	5,621	0.84
					429,458	**16,952**	**37,085**	
Construction and Materials								
Cherat Cement Company Limited	115,000	-	-	115,000	-	-	-	-
D.G. Khan Cement Company Limited	-	325,000	-	325,000	-	-	-	-
Dewan Cement Limited	-	1,752,500	-	-	1,752,500	12,189	12,022	1.81
Fauji Cement Company Limited	-	2,057,000	-	2,057,000	-	-	-	-
Lafarge Pakistan Cement Limited	-	2,300,000	-	2,200,000	100,000	588	849	0.13
Pioneer Cement Limited	-	474,000	-	474,000	-	-	-	-
					1,852,500	**12,777**	**12,871**	

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1 July 2012	Acquired during the year	Bonus / right shares received during the year	Disposed during year	Holding at end of the year 30 June 2013	Cost as of the year ended 30 June 2013	Market value / Carrying Value as at 30 June 2013	Percentage in relation to total market value of investment
	---------- (Number of Share) ----------					--- (Rupees in '000) ---		
Oil and Gas								
Attock Refinery Limited	95,000	-	-	95,000	-	-	-	-
National Refinery Limited	-	45,600	-	-	45,600	10,455	10,970	1.65
Pakistan State Oil Company Limited	65,000	138,200	25,240	163,800	64,640	15,472	20,709	3.11
					110,240	**25,927**	**31,679**	
Multiutilities (Gas and Water)								
Sui Northern Gas Pipelines Limited	-	882,500	41,500	240,000	684,000	13,384	13,721	2.06
Sui Southern Gas Company Limited	1,698,595	57,500	-	57,500	1,698,595	23,056	33,157	4.98
					2,382,595	**36,440**	**46,878**	
Electricity								
Kohinoor Energy Limited	514,250	1,200,000	-	1,086,500	627,750	15,336	23,541	3.54
Karachi Electric Supply Company Limited	-	1,156,500	-	1,156,500	-	-	-	
					627,750	**15,336**	**23,541**	
Industrial Metals and Mining								
Huffaz Seamless Pipe Industries Limited	176,675	100,000	-	-	276,675	7,931	6,090	0.91
Crescent Steel and Allied Products Limited	-	403,000	-	45,000	358,000	11,871	16,106	2.42
International Industries Limited	-	236,000	-	-	236,000	9,298	10,646	1.60
International Steels Limited	-	100,000	-	-	100,000	1,400	1,769	0.27
					970,675	**30,500**	**34,611**	
Engineering								
Al-Ghazi Tractors Limited *	56,600	-	-	56,600	**-**	**-**	**-**	**-**
Industrial Transportation								
Pakistan International Container Terminal Limited	1,230	-	-	1,230	-	-	-	-
Pakistan International Bulk Terminal Limited**	35,000	-	-	-	35,000	-	350	0.05
Pakistan National Shipping Corporation Limited	240,470	25,000	-	128,500	136,970	9,564	6,301	0.95
					171,970	**9,564**	**6,651**	

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1 July 2012	Acquired during the year	Bonus / right shares received during the year	Disposed during year	Holding at end of the year 30 June 2013	Cost as of the year ended 30 June 2013	Market value / Carrying Value as at 30 June 2013	Percentage in relation to total market value of investment
	------ (Number of Share) ------					---- (Rupees in '000) ----		
Fixed Line Telecommunication								
Pak Datacom Limited	304,227	-	-	-	304,227	22,968	22,364	3.36
Pakistan Telecommunication Company Limited	-	1,990,500	-	-	1,990,500	38,386	44,169	6.63
Telecard Limited	-	1,000,000	-	-	1,000,000	6,000	5,180	0.78
Wateen Telecom Limited	-	3,250,000	-	-	3,250,000	17,009	14,008	2.10
					6,544,727	**84,363**	**85,721**	
Chemicals								
Dawood Hercules Chemicals Limited	-	243,000	-	243,000	-	-	-	-
Arif Habib Corporation Limited	-	150,000	-	-	150,000	3,483	3,324	0.50
Ghani Gases Limited	28,517	-	-	28,517	-	-	-	-
Fatima Fertilizer Company	-	112,000	-	-	112,000	2,755	2,781	0.42
Sitara Chemical Industries Limited	98,844	-	-	98,844	-	-	-	-
Engro Corporation Limited	265,000	156,500	-	-	421,500	41,920	51,368	7.72
Engro Polymer & Chemicals	-	1,125,000	-	1,125,000	-	-	-	-
Lotte Chemical Pakistan Limited	-	1,024,500	-	-	1,024,500	7,804	7,807	1.17
Clariant Pakistan Limited	180,000	121,400	-	162,800	138,600	40,715	44,193	6.64
					1,846,600	**96,677**	**109,473**	
General Industrials								
Thal Limited *	355,369	-	30,536	50,000	335,905	27,309	42,331	6.36
Merit Packaging Limited	-	167,500	-	-	167,500	4,804	3,439	0.52
					503,405	**32,113**	**45,770**	
Pharma and Bio Tech								
Searle Pakistan Limited	206,500	-	82,600	289,100	-	-	-	-
Otsuka Pakistan Limited	168,371	500	-	-	168,871	12,645	7,599	1.14
Wyeth Pakistan Limited	961	-	-	950	11	9	18	0.00
					168,882	**12,654**	**7,617**	
Media								
Hum Network Limited	300,000	-	-	300,000	**-**	**-**	**-**	-
Support Services								
TRG Pakistan Limited	6,169,124	2,165,000	-	2,503,000	**5,831,124**	**29,526**	**59,419**	8.93

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1 July 2012	Acquired during the year	Bonus / right shares received during the year	Disposed during year	Holding at end of the year 30 June 2013	Cost as of the year ended 30 June 2013	Market value / Carrying Value as at 30 June 2013	Percentage in relation to total market value of investment
	(Number of Share)					(Rupees in '000)		
Food Producers								
Engro Foods Limited	-	225,000	-	225,000	-	-	-	-
JDW Sugar Mills Limited	6,577	-	-	6,577	-	-	-	-
Noon Sugar Mills Limited	75,370	69,500	-	-	144,870	3,413	3,593	0.54
Quice Food Limited	1,280,000	500,022	310,000	2,090,022	-	-	-	-
Quice Food Limited - Right	310,000	238,500	-	548,500	-	-	-	-
Shakarganj Mills Limited	-	256,000	-	-	256,000	3,919	5,595	0.84
Sanghar Sugar Mills Limited	120,361	-	-	120,361	-	-	-	-
Unilever Pakistan Limited	-	60	-	60	-	-	-	-
					400,870	**7,332**	**9,188**	
Technology Hardware and Equipment								
TPL Trakker Limited	465,958	4,725,000	-	-	**5,190,958**	**41,921**	**42,722**	6.42
Automobile and Parts								
General Tyre and Rubber Company of Pakistan Limited	-	43,500	-	-	**43,500**	**1,659**	**1,836**	0.28
Total as at 30 June 2013						**557,179**	**665,709**	
Total as at 30 June 2012						375,472	335,489	

* Ordinary shares of face value Rs.5/- each

** These are physical shares of Pakistan International Bulk Terminal Limited (PIBTL), received as specie dividend from Pakistan International Container Terminal Limited (PICTL), in the ratio of one share for every two shares of PICTL held by the Fund at 27 July 2011. The shares of PIBTL are valued at Rs. 10 which is approximately equal to its fair value. Under the NBFC Regulations, the Fund is not allowed to invest in unlisted securities, PIBTL had applied for listing on Karachi Stock Exchange. Besides the management is of the view that it did not on its own self invest in the shares of the above company as it received specie dividend from the investee company.

5.2 Shares having market value of Rs. 24.374 million of Engro Corporation Limited are pledged with National Clearing Company of Pakistan Limited as on 30 June 2013.

6. DIVIDEND AND PROFIT RECEIVABLE

	Note	30 June 2013	30 June 2012
		(Rupees in '000)	
Dividend receivable	6.1	**358**	150
Mark-up on bank balances	6.1	**115**	28
Mark-up on term finance certificates		**-**	415
		473	593

6.1 Received subsequent to the year end.

7. SECURITY DEPOSITS AND OTHER RECEIVABLES

Central Depository Company of Pakistan Limited	**100**	100
National Clearing Company of Pakistan Limited	**2,500**	2,500
Principal redemption due on Term Finance Certificates	**-**	1,428
	2,600	4,028

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. This amount was settled subsequent to the year end.

Balance at beginning of the year	**536**	750
Remuneration for the year	**8,875**	7,689
Paid during the year	**(8,269)**	(7,903)
Balance at end of the year	**1,142**	536

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.

Balance at beginning of the year	**55**	75
Remuneration for the year	**886**	778
Paid during the year	**(829)**	(798)
Balance at end of the year	**112**	55

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.

	30 June 2013	30 June 2012
	(Rupees in '000)	
Balance at beginning of the year	**365**	445
Remuneration for the year	**422**	365
Paid during the year	**(365)**	(445)
Balance at end of the year	**422**	365

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	**30 June 2013**	30 June 2012
Auditor's remuneration		**195**	189
Brokerage payable		**271**	20
Sales tax payable on Management Company's remuneration	*11.1*	**200**	85
Federal Excise Duty	*11.2*	**110**	-
Others		**575**	120
		1,351	414

11.1 During the current year, an amount of Rs. 1.438 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. 0.200 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 During the current year, an amount of Rs. 0.110 million was charged on account of federal excise duty on Management fee levied through Finance Act, 2013. As at year end, federal excise duty on Management Company remuneration of Rs. 0.110 million was accrued by the Fund. This balance is payable to the Management Company for onward payment to the Government treasury.

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, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011.

However, 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.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 11.516 million upto 30 June 2013.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Rs. 1.04 / 1.70%.

13. NUMBER OF UNITS IN ISSUE

As at 30 June 2013, 11,087,450 (30 June 2012: 8,033,809) units at par value of Rs. 50 each were in issue.

		30 June 2013	30 June 2012
		(Numbers)	
Total outstanding at beginning of the year		**8,033,809**	14,799,239
Issued during the year		**5,829,800**	4,026,606
Bonus units issued during the year		**1,480,516**	-
Redemptions during the year		**(4,256,675)**	(10,792,036)
Total units in issue at the end of the year		**11,087,450**	8,033,809

14. AUDITOR'S REMUNERATION

		(Rupees in '000)	
Statutory audit fee		**160**	160
Half yearly review fee		**45**	45
Review of code of corporate governance fee		**25**	25
Out of pocket expenses		**36**	19
		266	249

15. OTHER EXPENSES

Printing and stationery		**169**	182
National Clearing Company of Pakistan Limited charges		**218**	205
Credit rating fee		**126**	120
Central Depository Company of Pakistan Limited charges		**48**	31
Karachi Stock Exchange listing fee		**40**	40
Sales tax on Management Company's remuneration	*11.1*	**1,438**	1,230
Federal excise duty	*11.2*	**110**	-
		2,149	1,808

16. 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. Refer note for the details of distribution.

17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AKD Investment Management Limited (AKDIML) being the Management Company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited and AKD Securities Limited being the related parties of the Management Company, Central Depository Company of Pakistan Limited being the trustee, other collective investment schemes managed by the Management Company and directors and key management personnel of the Management Company and also includes entities holding 10% or more in the units of the Fund as at 30 June 2013. It also includes staff retirement benefit funds of the above related parties / connected persons.

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 of these financial statements. Other transactions are at agreed rates.

17.1 **Details of balances with connected persons / related parties as at year end**	Note	**30 June 2013**	30 June 2012
		(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund			
Remuneration payable	*8*	**1,142**	536
Sales load payable		**109**	21
Units outstanding - 179,984 (2012: 434,047)		**10,973**	18,131
Sales tax payable on Management Company's remuneration	*11 & 11.1*	**200**	85
Federal Excise Duty	*11 & 11.2*	**110**	-
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable	*9*	**112**	55
Security Deposit	*7*	**100**	100
CDS Charges		**6**	1

	Note	30 June 2013 (Rupees in '000)	30 June 2012
National Bank of Pakistan (having invested more than 10% in the units of the Fund)			
Units outstanding - 3,884,759 (35.04% of the total units in issue as at the year end) (2012: 3,280,255 (40.83% of the total units in issue as at the year end))		**236,846**	137,021
Sindh Province Pension Fund (having invested more than 10% in the units of the Fund)			
Units outstanding - 1,291,986 (11.65% of the total units in issue as at the year end) (2012: Nil)		**78,770**	-
AKD Securities Limited - Brokerage House			
Brokerage payable on purchase and sale of marketable securities		**99**	-
AKD Investment Management Limited Staff Provident Fund			
Units outstanding - 51,874 (June 2012: 44,905)		**3,163**	1,876
Mr. Imran Motiwala - Chief Executive Officer of the Management Company			
Units outstanding - Nil (2012: 9,810)		**-**	410
Spouse - Chief Executive Officer of the Management Company			
Units outstanding - Nil (2012: 15,057)		**-**	629
Mr. Nadeem Saulat Siddiqui - Executive Director of the Management Company			
Units outstanding - 8,869 (2012: 18,991)		**541**	793
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund			
Units outstanding - 37,662 (2012: 31,802)		**2,296**	1,328
Key Management Personnel			
Units outstanding - Nil (2012: 3,234)		**-**	135
Spouse - Key Management Personnel			
Units outstanding - Nil (2012: 1,969)		**-**	82
17.2 Details of transactions with connected persons / related parties during the year			
AKD Investment Management Limited - Management Company of the Fund			
Remuneration	*8*	**8,875**	7,689
Sales load		**336**	21
Units issued - 179,984 (2012: 709,021)		**8,425**	25,765
Units redeemed - 514,036 (2012: 274,974)		**21,215**	9,143
Issue of bonus - 79,989 (2012: Nil)		**2,821**	-
Sales tax on Management Company's remuneration	*11.1 & 15*	**1,438**	1,230
Federal excise duty	*11.2 & 15*	**110**	-
Gain by the related party on redemption of units - net		**1,485**	287

	Note	30 June 2013	30 June 2012
		(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration	9	**886**	778
CDS charges	15	**48**	31
National Bank of Pakistan (having invested more than 10% in the units of the Fund)			
Issue of bonus units - 604,504 (2012: Nil)		**21,322**	-
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund			
Issue of bonus units - 5,861 (2012: Nil)		**207**	-
Mr. Imran Motiwala - Chief Executive Officer of the Management Company			
Issue of bonus units - 1,808 (2012: Nil)		**64**	-
Units redeemed - 11,617 (2012: Nil)		**518**	-
Gain by the related party on redemption of units - net		**154**	-
Spouse - Chief Executive Officer of the Management Company			
Issue of bonus units - 2,775 (2012: Nil)		**98**	-
Units redeemed - 17,832 (2012: Nil)		**795**	-
Gain by the related party on redemption of units - net		**117**	-
Mr. Nadeem Saulat Siddiqui - Executive Director of the Management Company			
Units issued - Nil (2012: 18,991)		**-**	740
Issue of bonus units - 3,500 (2012: Nil)		**123**	-
Units redeemed - 13,621 (2012: Nil)		**620**	-
Gain by the related party on redemption of units - net		**92**	-
AKD Investment Management Limited Staff Provident Fund			
Units issued - 51,874 (2012: 182,272)		**2,000**	5,404
Units redeemed - 53,180 (2012: 143,243)		**2,004**	4,069
Issue of bonus units - 8,275 (2012: Nil)		**292**	-
Gain / (loss) by the related party on redemption of units - net		**312**	(49)
AKD Securities Limited - Brokerage House			
Units issued - Nil (2012: 506,143)		**-**	20,000
Units redeemed - Nil (2012: 506,143)		**-**	20,200
Brokerage expense on purchase and sale of marketable securities		**211**	76
Gain by the related party on redemption of units - net		**-**	220
Golden Arrow Selected Stocks Fund Limited - (Fund managed by the Management company)			
Sale of Shares by AKD Opportunity Fund		**13,486**	90,932
Purchase of Shares by AKD Opportunity Fund		**-**	19,797
AKD Aggressive Income Fund			
Sale of Term Finance Certificates - sale proceeds		**-**	3,212
Loss on sale of above Term Finance Certificates		**-**	460

	30 June 2013	30 June 2012
	(Rupees in '000)	
Miss Ayesha Aqeel		
Purchase of shares	-	6,058
Key Management Personnel		
Units redeemed - 3,830 (2012: Nil)	171	-
Issue of bonus units - 596 (2012: Nil)	21	-
Gain by the related party on redemption of units - net	50	-
Spouse - Key Management Personnel		
Units redeemed - 5,733 (2012: 1,761)	256	75
Issue of bonus units - 363 (2012: Nil)	13	-
Gain by the related party on redemption of units - net	36	6
Sindh Province Pension Fund (having invested more than 10% in the units of the Fund)		
Units issued - 1,291,986 (2012: Nil)	74,096	-

18. 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.

18.1 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.

- Analyzing 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 2013 was as follows:

	30 June 2013		30 June 2012	
	Statement of assets	**Maximum exposure**	Statement of assets	Maximum exposure
	(Rupees in '000)		(Rupees in '000)	
Bank balances including profit receivable	**37,809**	**37,809**	2,584	2,584
Investments	**665,709**	**-**	335,489	-
Dividend receivable	**358**	**358**	150	150
Receivable against sale of investments	**3**	**3**	-	-
Security deposits and other receivables	**2,600**	**2,600**	4,443	4,443
	706,479	**40,770**	342,666	7,177

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. 665.709 million (30 June 2012: Rs. 335.489 million) 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 2013.

Credit ratings and Collaterals

Details of the credit ratings of bank balances including profit due as at 30 June 2013 are as follows:

Ratings	**30 June 2013**	30 June 2012
	(% of balance)	
A1+	**99.89**	-
A3	**0.06**	-
A-3	**0.05**	-
AA+	**-**	97.00
AA	**-**	1.00
A-	**-**	2.00
Total	**100.00**	100.00

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2013).

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 2013		30 June 2012	
	Note	**(Rupees in '000)**	**(%)**	(Rupees in '000)	(%)
Commercial banks including profit due	*4 & 6*	**37,809**	**92.73**	2,584	36.00
Telecommunication		**-**	**-**	1,843	25.68
Receivable against sale of shares due from National Clearing Company of Pakistan Limited		**3**	**0.01**	-	-
Dividend receivables from					
- Industrial metals and mining Sector	*6*	**358**	**0.88**	-	-
- Oil and Gas Sector	*6*	-	-	150	2.09
Others	*7*	**2,600**	**6.38**	2,600	36.23
		40,770	**100.00**	7,177	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.

18.2 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 into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

	Note	**30 June 2013** Carrying amount of liabilities	Less than 1 month	Within 3 months	Total
		---------- (Rupees in '000) ----------			
Remuneration Payable to the Management Company	*8*	**1,142**	**1,142**	**-**	**1,142**
Remuneration payable to the Trustee	*9*	**112**	**112**	**-**	**112**
Annual fee payable to the 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**	**-**	**-**

	Note	30 June 2012 Carrying amount of liabilities	Less than 1 month	Within 3 months	Total
		----------(Rupees in '000)----------			
Remuneration Payable to the Management Company	*8*	536	536	-	536
Remuneration payable to the Trustee	*9*	55	55	-	55
Annual fee payable to Securities and Exchange Commission of Pakistan	*10*	365	-	365	365
Payable against purchase of investments		-	-	-	-
Amount payable on redemption of units		-	-	-	-
Accrued expenses and other liabilities (excluding Workers' Welfare Fund)	*11*	414	414	-	414
Unclaimed dividend		11	11	-	11
		1,381	1,016	365	1,381
Unit holders' fund		335,584	335,584	-	-

None of the above financial liabilities are interest bearing.

18.3 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.

18.3.1 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 investment in debt security and income statement for the year sharing bank balances. Currently the debt security carries a variable interest rate and income statement sharing bank balances carry fixed 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.

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

	30 June 2013	30 June 2012
	(Rupees in '000)	
Variable rate instruments		
Financial assets (bank balances)	**37,667**	2,531

Cash flow sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates at year end, unit holder fund would have increased / (decreased) by Rs. 376,670. The analysis assumes that all other variables remain constant.

The above variable rate financial instruments represent PLS accounts bank balances and carry profits rates ranging between 6% to 10.5% per annum. These are withdrawable as demanded.

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

18.3.1.2 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 (%)	Less than one month	Total
30 June 2013		----- (Rupees in '000) -----	
Assets			
Bank balances	**6.0 to 10.5**	**37,667**	**37,667**
30 June 2012			
Assets			
Bank balances	6.0 to 10.5	2,531	2,531

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

18.3.2 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.

In case of 5% increase / (decrease) in KSE 100 index on 30 June 2013, with all other variables held constant, net income of the Fund for the year would have increased / (decreased) by Rs. 31.05 million (30 June 2012: Rs. 13.774 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 2013 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

18.4 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.

18.5 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.

19. 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 2013, all the investments were categorised in level 1.

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**

30 June 2012	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	335,489	-	-	335,489

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 2013	30 June 2012
	(Rupees in '000)	
Opening balance	**1,428**	6,528
Unrealised appreciation in the fair value of investment	**-**	-
Principal redeemed during the year	**(1,428)**	(1,428)
Sold during the year	**-**	(3,672)
Closing balance (principal redemption due)	**-**	1,428

20. SUPPLEMENTARY NON FINANCIAL 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:

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

		Commission paid (Percentage)	
		2013	2012
i)	AKD Securities Limited	**13.33**	9.98
ii)	Creative Capital Securities (Private) Limited	**11.92**	17.94
iii)	Trade in Securities (Private) Limited	**10.53**	-
iv)	Habib Metropolitan Financial Services Limited	**10.07**	8.93
v)	A.I. Securities (Private) Limited	**10.01**	6.40
vi)	Fortune Securities Limited	**9.75**	7.85
vii)	Investment Manager Securities (Private) Limited	**7.42**	-
viii)	Optimus Capital Management (Private) Limited	**4.87**	4.85
ix)	Global Securities Pakistan Limited	**3.40**	-
x)	NAEL Capital (Private) Limited	**2.74**	-
xi)	Tauras Securities Limited	**-**	10.40
xii)	First Capital Equities Limited	**-**	5.54
xiii)	Elixir Securities Pakistan (Private) Limited	**-**	4.96
xiv)	Alfalah Securities (Private) Limited	**-**	4.93

20.2 PERFORMANCE TABLE

	2013	2012	2011
Total net assets value - Rupees in '000	**675,980**	335,584	458,984
Net assets value per unit at the end of year - Rupees	**60.97**	41.77	31.01
Net income / (loss) for the year - Rupees in '000	**284,911**	86,421	(1,474)
Selling price per unit as at 30 June - Rupees	**62.85**	43.05	31.95
Repurchase price per unit as at 30 June - Rupees	**60.95**	41.75	31.00
Highest selling price per unit during the year - Rupees	**66.20**	44.85	33.35
Lowest selling price per unit during the year - Rupees	**37.30**	27.85	25.60
Highest repurchase price per unit during the year - Rupees	**64.25**	43.45	32.35
Lowest repurchase price per unit during the year - Rupees	**36.20**	27.00	24.80
Return of the Fund - Rupees in '000			
- Income distribution	**149,681**	52,220	-
- Capital growth	**364,387**	229,157	194,956
Distribution per unit (annual) - Rupees [announced on 8 July 2013 and 9 July 2013 respectively]	**13.50**	6.50	-
Average annual return of the Fund			
- Last one year	**72.86%**	34.69%	19.62%
- Last two years	**53.77%**	27.15%	18.3%
- Last three years	**42.39%**	23.75%	0.2%

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

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.

20.3 PATTERN OF UNIT HOLDINGS

	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**	**32.88**
Associated Companies and Directors	**2**	**188,853**	**11,514**	**1.70**
Insurance Companies	**-**	**-**	**-**	**-**
Banks and DFIs	**1**	**3,884,759**	**236,846**	**35.04**
NBFCs	**-**	**-**	**-**	**-**
Retirement Fund	**23**	**3,231,450**	**197,015**	**29.15**
Public Limited Companies	**-**	**-**	**-**	**-**
Others	**3**	**136,695**	**8,334**	**1.23**
	413	**11,087,450**	**675,980**	**100.00**

	As at 30 June 2012			
	No. of unit holders	Units held	Investment amount	Percentage
			(Rupees in '000)	
Individuals	402	2,276,405	95,089	28.34
Associated Companies and Directors	3	462,848	19,334	5.76
Banks / DFIs	1	3,280,255	137,021	40.83
Retirement Fund	23	2,013,952	84,126	25.07
Others	2	349	14	0.00
	431	8,033,809	335,584	100.00

20.4 Particulars of the Fund manager and Investment Committee

Following are the details of the fund manager:

Name of Fund Manager	Qualification	Other Funds managed
Imran Motiwala	BBA	Golden Arrow Selected Stocks Fund Limited.

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 and Fund Manager: -Golder Arrow Selected Stocks Fund Limited -AKD Opportunity Fund	BBA	19
Mr. Nadeem Saulat Siddiqui	Head of Public Relations and Director of Management Company	MBA	20
Mr. Muhammad Yaqoob	Chief Investment Officer, Company Secretary and Fund Manager: -AKD Index Tracker Fund -AKD Aggressive Income Fund -AKD Cash Fund	MBA	9
Mr. Carrow Michael	Head of Operations & HR	MBA	7
Mr. Farjad Bhanji	Manager Compliance	MFA	1.5
Mr. Farrukh Ahmed	Head of Public Relations	B.A. (Hons)	6

20.5 DIRECTORS MEETING ATTENDANCE

During the year, six meetings of the Board of Directors of the management company were held on 9 July 2012, 23 October 2012, 31 October 2012, 9 January 2013, 22 February 2013 and 27 April 2013.

Name of Directors	Meeting attended	09 July 2012	23 October 2012	31 October 2012	09 January 2013	22 February 2013	27 April 2013
Mr. Farrukh Shaukat Ansari *	5	x	✓	✓	✓	✓	✓
Mr. Imran Motiwala	6	✓	✓	✓	✓	✓	✓
Mr. Ali Qadir Gilani *	1	x	✓	x	x	x	x
Mr. M.Ramzan Sheikh	3	✓	x	x	✓	x	✓
Mr. Muhammad Amin Hussain *	4	✓	✓	✓	x	x	✓
Mr. Nadeem Saulat Siddiqui	6	✓	✓	✓	✓	✓	✓
Mr. Aurangzeb Ali Naqvi	6	✓	✓	✓	✓	✓	✓
Mr. Abdul Karim Memon **	1	x	x	x	x	x	✓
		5	6	5	5	4	7

*Mr. Ali Qadir Gilani, Mr. Muhammad Amin Hussain and Mr.Farrukh Shaukat Ansari resigned on 11 February 2013, 27 April 2013 and 29 June 2013 respectively.

**Mr. Abdul Karim Memon and Mr. Ali Wahab Siddiqui were appointed as director Management Company on 20 April 2013 and 27 June 2013 in place of Mr. Ali Qadir Gilani and Mr. of the Muhammad Amin Hussain respectively. Subsequent to year end, Mr. Ahmed Abdul Sattar was appointed as director in place of Mr. Farrukh Shaukat Ansari.

20.6 RATING OF THE FUND AND THE MANAGEMENT COMPANY

JCR-VIS rating	Management quality rating	Stability rating
AKD Investment Management Limited (Management Company of the Fund)	AM3-	N/A
AKD Opportunity Fund	N/A	MFR 5-Star

The Management Company and the Fund were assigned the above rating by JCR-VIS on 15 July 2013 and 12 February 2013 respectively.

21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on 8 July 2013 approved dividend distribution of Rs. 13.50 (30 June 2012: Rs. 6.50) per unit amounting to Rs. 149.68 million (30 June 2012: Rs. 52.22 million) in total for the year ended 30 June 2013. These financial statements do not include the effect of the above final distribution and that will be accounted for subsequent to the year end.

22. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 10, 2013 by the Board of Directors of the Management Company.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

AKD Investment
Management Ltd.

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