

Funds Managed by:  
**AKD Investment Management Ltd.**

# 2018



# annual report



**Partner with  
AKD Profit from the Experience**



**AKD Investment  
Management Ltd.**

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# CORPORATE INFORMATION



**Abdul Karim**  
Chairman



**Imran Motiwala**  
Chief Executive Officer



**Hasan Ahmed**  
Director



**Anum Dhedhi**  
Director



**Ali Wahab Siddiqui**  
Director



**Aysha Ahmed**  
Director



**Saim Mustafa Zuberi**  
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

### **Director & Chief Executive Officer**

Mr. Imran Motiwala

### **Directors**

Ms. Anum Dhedhi  
Mr. Ali Wahab Siddiqui  
Mr. Hasan Ahmed  
Mr. Saim Mustafa Zuberi  
Ms. Aysha Ahmed

## **CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY**

Mr. Muhammad Munir Abdullah

## **CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY**

Mr. Muhammad Yaqoob Sultan, CFA

## **HEAD OF COMPLIANCE OF THE MANAGEMENT COMPANY**

Mr. Rashid Ahmed

## **AUDIT COMMITTEE**

Mr. Ali Wahab Siddiqui (Chairman)  
Mr. Hasan Ahmed (Member)  
Mr. Saim Mustafa Zuberi (Member)  
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

## **HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE**

Ms. Aysha Ahmed (Chairman)  
Mr. Abdul Karim (Member)  
Mr. Imran Motiwala (Member)  
Ms. Anum Dhedhi (Member)  
Mr. Saim Mustafa Zuberi (Member)  
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

## **RATING**

AKD Investment Management Ltd. (AMC)  
AM3++ (AM Three Plus Plus) issued by PACRA

**INFORMATION**

# *Vision*



*To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.*

# *Mission Statement*



*AKD Funds shall continuously strive to:*

- ▶ *Keep primary focus on investing clients' interest*
- ▶ *Achieve highest standards of regulatory compliance and good governance*
- ▶ *Prioritize risk management while endeavoring to provide inflation adjusted returns on original investment*
- ▶ *Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy*
- ▶ *Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent superior performance*
- ▶ *Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth*

# Key Management Profile

## **Imran Motiwala - Chief Executive Officer**

Mr. Motiwala became the CEO of AKD Investment Management Limited in April 26, 2011 and has also been serving as the CEO of Golden Arrow Selected Stocks Fund Limited since April 26, 2011. Mr. Motiwala had been designated as the Chief Operating Officer when he joined AKD Investment Management Limited in 2006 besides serving on the board of the Company from 2007. While at AKD Investment Management Limited he has undertaken several executive roles instrumental in building the Company's business besides serving as an Investment Committee member for the funds under management of the Company. Mr. Motiwala has almost 24 years experience of the capital markets from securities broking to asset management. Mr. Motiwala has had the honor of working with several leading reputable companies from his career beginnings with Ali Hussain Rajabali to serving institutional clients at JP Morgan based in Karachi, Pakistan. Mr. Motiwala then moved over to the buy-side and joined ABAMCO Limited (JS Investments Limited) in 2002 as a fund manager and was assigned the launching and managing of a fixed income fund. He later then joined Crosby Asset Management (Pakistan) Limited in 2003 as Head of Fund Management undertaking the entire asset management business. Mr. Motiwala graduated with Marketing major from the Southeastern University (Karachi Campus) in 1994.

## **Anum Dhedhi - Chief Investment Officer & Executive Director**

Ms. Anum Dhedhi is currently working as a Chief Investment Officer at AKD Investment Management Limited. She has previously worked as an Economist at AKD Securities Limited and worked under various capacities of research. At a very young age she has attained significant accomplishments in her career. She is also serving as a Director on the Board of AKD Investment Management Limited and Golden Arrow Selected Stocks Fund Limited. She holds a B.Sc (Hon) in Financial Economics Degree from the City University of London, United Kingdom. She has also been certified by the Institute of Financial Markets of Pakistan for Fundamentals of Capital Markets, Pakistan's Market Regulations, and Mutual Fund Distributors.

## **Nadeem Saulat Siddiqui - Director Corporate Sales**

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

## **Muhammad Yaqoob Sultan, CFA - Chief Operating Officer & Company Secretary**

Mr. Muhammad Yaqoob Sultan is currently working as the Chief Operating Officer and Company Secretary at AKD Investment Management Limited. He joined AKD Investment in the year 2005 and has worked in various capacities including Research, Product Development, Business Development and Fund Management. He participated in the launch of AKD Index Tracker Fund, AKD Opportunity Fund and AKD Aggressive Income Fund (formerly AKD Income Fund). He also participated in the conversion of AKD Index Tracker Fund from a closed-end scheme to an open-end scheme. He holds a Masters in Business Administration majors in Finance and a CFA Charter Holder. He is also serving as a Director on the Board of BIAFO Industries Limited. He is also serving as a member of Audit Committee and Human Resource & Remuneration Committee at BIAFO Industries Limited. He has previously served as a Director on the Boards of Pak Datacom Limited and Golden Arrow Selected Stocks Fund Limited. He is a certified director from the Pakistan Institute 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 Nineteen 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.

### **Rashid Ahmed - Head of Compliance**

Mr. Rashid Ahmed has more than 22 years of working experience in the financial sector. He has been associated with AKD Investment Management Limited since September 2004. Prior to taking over as the Head of Compliance, Mr. Ahmed was working in the Finance Department in the capacity of Senior Manager Accounts. His current duties include looking after pre and post compliance of all applicable rules and regulations, dealing with matters regarding taxation and application of new and existing laws to the Company. Mr. Rashid is a Commerce Graduate from the University of Karachi. He has also been certified by the Institute of Financial Markets of Pakistan for Fundamentals of Capital Markets and Pakistan's Market Regulations.

### **Carrow Michael - Head of Administration & Human Resource**

Mr. Carrow Michael started his career with AKD Investment Management Limited in 2006 as an Operations Officer and since then he has served at different positions in Operations Department, He has also served as Head of Risk Management and as member of Investment Committee. He is currently serving as Head of Administration & Human Resource. Mr. Michael holds a Master's Degree in Business Administration in Finance from Khadim Ali Shah Bukhari Institute of Technology, Karachi. His areas of expertise include system development, customer support and information technology. He has also been certified by the Institute of Financial Markets of Pakistan for Fundamentals of Capital Markets, Pakistan's Market Regulations, Mutual Fund Distributors and Risk Management.

# Report of the Directors of the Management Company

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Stock Fund (AKDISSF) and AKD Islamic Income Fund (AKDISIF) is pleased to present its annual report along with the Funds' audited financial statements for the year ended June 30, 2018.

## **FUNDS' FINANCIAL PERFORMANCE**

### **AKD Opportunity Fund (AKDOF)**

For the FY18, the return of AKD Opportunity Fund stood at -13.51% compared to the benchmark KSE-100 Index return of -10.00%.

### **AKD Index Tracker Fund (AKDITF)**

For the FY18, the return of AKD Index Tracker Fund stood at -11.55% compared to the benchmark KSE-100 Index return of -10.00%.

The Board of Directors of the Management Company declared distribution (including refund of element) on July 06, 2018 of Rs 0.50809 per unit on the face value of Rs 10 each amounting to Rs 16.250 million. The financial statements of the Fund for the year ended June 30, 2018 do not include the effect of these distributions which will be accounted for in the financial statements of the Fund for the year ending June 30, 2019.

### **AKD Cash Fund (AKDCF)**

For the FY18, the return of AKD Cash Fund stood at 4.69% compared to benchmark return of 5.35%.

The Board of Directors of the Management Company declared distribution (including refund of element) on July 06, 2018 of Rs 2.3165 per unit on the face value of Rs 50 each amounting to Rs 7.189 million. The financial statements of the Fund for the year ended June 30, 2018 do not include the effect of these distributions which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

### **AKD Aggressive Income Fund (AKDAIF)**

For the FY18, the return of AKD Aggressive Income Fund stood at 3.58% compared to the benchmark return of 6.69%.

The Board of Directors of the Management Company declared distribution (including refund of element) on July 06, 2018 of Rs 2.2 per unit on the face value of Rs 50 each amounting to Rs 29.949 million. The financial statements of the Fund for the year ended June 30, 2018 do not include the effect of these distributions which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

### **AKD Islamic Income Fund (AKDISIF)**

For the FY18, the annualized return of AKD Islamic Income Fund (AKD Islamic Income Fund was launched on 20th Feb, 2018) stood at 4.42% compared to benchmark return of 2.41%.

The Board of Directors of the Management Company declared distribution (including refund of element) on July 06, 2018 of Re 0.78101 per unit on the face value of Rs 50 each amounting to Rs 3.5427 million. The financial statements of the Fund for the period from February 19, 2018 to June 30, 2018 do not include the effect of these distributions which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

### **AKD Islamic Stock Fund (AKDISSF)**

For FY18, the return of AKD Islamic Stock Fund (AKD Islamic Stock Fund was launched on 20th Feb, 2018) was -6.00% compared to the benchmark KMI-30 Index return of -1.81%.

## MACRO PERSPECTIVE

Pakistan's real GDP continued its upward trajectory, displaying a thirteen year high growth of 5.8% in FY18 up from 5.3% in FY17. This growth was led by impressive private sector credit performance, improving agricultural output, notable manufacturing & services growth, recovery in exports, lowest policy rate, increase in FDI and remittances, improvement in energy supply to various sectors and higher LSM growth. At the same time, progress on China Pakistan Economic Corridor (CPEC) projects, improved law and order and contained inflation fueled growth. The large scale manufacturing sector which constitutes 80% of total manufacturing and 11% of the overall GDP exhibited a growth of 6% during July-May 18 as opposed to 5.6% during the same period last year. This was particularly led by growth in electronics (36%), Iron & Steel Products (22.02%), automobiles (18.03%), and Coke & Petroleum products (13.53%)

The performance of the agricultural sector was remarkable in FY18 as it achieved 3.81% growth, above its target of 3.5%. This significant growth was achieved on the back of higher yields, attractive output prices, supportive government policies and timely availability of agriculture inputs including fertilizer and pesticides. On the contrary, the service sector disappointingly posted negative growth of 7% YoY in FY18.

During FY18, Consumer Price Index (CPI) clocked in at 3.92% as compared to 4.16% in FY17. CPI remained much below the annual target of 6% set by the SBP. However, ground realities are changing rapidly as evident from rising headline and core inflation for June'18, clocking in at 5.2% and 7.1% (YoY) respectively following second round impact of currency depreciation (~16% in FY18). Therefore, State Bank of Pakistan (SBP) raised the policy rate by 100bps to 7.5% in July-18 monetary policy statement to prevent economy from overheating.

According to SBP, the current account deficit (provisional) clocked in at USD 17.99 billion (5.7% of GDP) in FY18 against USD 12.62 billion (4.1% of GDP) in corresponding period last year. This substantial increase is mainly due to imports growth, up 14.7% YoY, sluggish exports, up 12.6% YoY and dismal growth in remittances, up by a mere 1.41% YoY.

On the fiscal front, Federal Board of Revenue (FBR) collected total tax revenue of PKR 3.84 trillion in FY18 but failed to achieve its revised target of PKR 3.93 trillion in FY18. The total revenue collected from the much hyped Amnesty Scheme for undisclosed foreign and domestic assets was around Rs120 billion, out of which Rs 97 billion was collected in FY18, much below expectations.

The Federal Budget 2018-2019 introduced tough policies for various sectors, primarily autos, cements, and real estate. Restriction on non-filers for purchase of new cars has adversely impacted the auto sector as majority of the population falls in this category. Moreover, real estate sector has taken a hit by further restrictions on non-filers for purchase of property over 5 million PKR. On the other hand, these measures are expected to improve tax collection in the long run with improvement in tax base in country. Furthermore, curtailment of PSDP announced in Federal Budget-18/19, due to restricted fiscal space, is expected to dampen the overall demand in economy particularly cements and steel sector.

Going forward, agriculture sector growth is expected to remain below target in FY19 mainly due to looming water crisis which is likely to constrain agriculture production whereas the manufacturing sector is expected to remain steady owing to high base effect, ongoing monetary tightening and some sector specific issues. Consequently, SBP expects FY19 GDP growth to be around 5.5% as compared to annual target of 6.2%. Depreciation of PKR, will make the imports expensive and exports competitive internationally, thereby relieving some pressure on current account. Furthermore, possible bailout from IMF, financial assistance from other countries (China, Saudi Arabia) and expected improvement in remittances due to support of overseas Pakistanis for PTI government may provide much needed breather to the external account.

CPEC investments will continue to play a major role in attracting investment in Pakistan to provide an impending support to the deteriorating external account. That said, any deterioration on the external front (increase in oil prices, stagnant in remittances, worsening trade balance) pose a major risk to PKR-USD parity in our view. Furthermore, the circular debt situation has reached alarming levels again in the power sector and will need concrete steps to arrest its rise. However, given the limited fiscal space, any one off settlement seems unlikely. Overall, clarity about the economic policies of the incoming PTI government will remain a key determinant of macro performance.

## EQUITY MARKET REVIEW

During FY18, KSE-100 index started the year at 46,565 points and ended the year at 41,911 KSE-100 index, exhibiting a decline of 10.00%.

This decline can be largely attributed to faltering investor confidence stemming from political uncertainty in election year, growing economic concerns (BOP, currency movement) which worsened with SBP's Fx reserves falling below US\$10bn (just 2months import cover). Moodys' downgraded outlook on Pakistan to negative and continuous foreign selling from emerging markets (US \$ 289mn) resulted in trading volumes also dropping during the period under review.

Sector specific events also played a significant role in the equity market performance. Cement sector (KSE 100 Index weight ~8%) led the decline (down 41.3%) as raised concerns of overcapacities in the medium run and indications of price war intensified. Moreover, hike in interest rate (75bps in FY18) was unable to make heavy weight banks (KSE 100 Index weight ~24%) to provide support to plummeting index and negatively impacted the auto sector (KSE-100 Index weight ~ 4%). On the contrary, E&P (KSE 100 Index weight ~15%) and chemical sector (KSE-100 Index weight ~ 2%) were the star performers for the year on the back of recovering oil prices and currency devaluation (16%).

Moving ahead, we believe that drastic and unprecedented economic reforms are on the cards under the new PTI government. Austerity measures (curb in PSDP, unproductive spending), strict steps against rampant corruption, call for widespread accountability across the board, radical efforts to expand tax base and focus on addressing core issues (health, education, justice, unemployment) will determine the equity market direction and overall performance of economy. Moreover, sector specific policies including for cements (Dam, PSDP), autos (interest rate, auto policy), fertilizer (subsidy, gas prices), and steel (import duties) among others will set the tone for the market. Recovering of wealth parked abroad and role of overseas Pakistanis will remain a key component of the policies of incoming Government.

The KSE-100 index currently trades at a forward PE of ~7.57x with a dividend yield of 6.60%, which offers a significant discount compared to MSCI Emerging Markets Index and regional economies.

## **FUTURE OUTLOOK**

Overall, we believe that the economic outlook for FY19 remains challenging. Real growth is expected to maintain its momentum as CPEC activities gear while average inflation to remain above its target due to recent depreciation of PKR. Likely, IMF program with stringent conditions will remain a major issue to deal with for the new Government. Current account deficit remains a grave concern and needs urgent remedial measures to boost foreign inflow and control unproductive imports. Key risks can stem from any increase in international oil prices and stagnant exports. There is hope that overseas Pakistanis will support the PTI government and increasing remittances will provide some respite. The impact of the radical measures being announced by incoming Government is yet to be seen and will majorly influence any possible improvement in economy.

Moreover, the increasing level of inflation is expected to warrant further hikes in discount rates, where we expect another 50bps hike in Sep-18 MPS. We believe its impact on market would be negative as Investors will realign their portfolio from equity market to debt market for higher yield. However, our market mostly consists of cash rich corporate sector with healthy profits, operating in an economy with a domestic market of approximately 207 million consumers might provide some relief in medium to long term.

In our view the KSE-100 Index trading at a forward Price-to-earnings (P/E) and Dividend Yield (DY) of 7.57x and 6.60% respectively (compared to Emerging Market P/E and DY of 13.80x and 2.62% respectively), offers an attractive investment opportunity.

## **MONEY MARKET REVIEW**

During FY18, The State Bank of Pakistan (SBP) carried out 26 T-bills auctions where the government managed to raise PKR 17.29 trillion. During this period, weighted average yield on 3, 6, and 12 months T-bills were at 5.98%, 6.13% and 6.04% respectively up from 5.92%, 5.94% and 5.95% during the corresponding period last year.

SBP also conducted 12 auctions of PIB's and managed to raise PKR 101.73 billion during FY18. The PIB auctions followed suit where weighted average maturities yield on 3, 5 and 10 years PIB increased to 7.06%, 7.86% and 8.40% respectively from 6.30%, 6.81% and 7.87% in the corresponding period last year.

The domestic debt consists of 31% of short term T-bills while long term PIB's consist of 20% of the total domestic debt. This debt profiling is indicative of a rising interest rate scenario moving ahead. This debt management strategy has increased the re-financing risk for the Government due to shortening of maturity profile.

The Government announced Monetary Policy Statement on July, 2018, where the committee decided to hike the policy rate by 100bps to 7.5% in view of reversal of international oil and commodities prices and to address the domestic demand pressures as well as exchange rate movement. During 01 July-30 March, FY2018 Broad Money (M2) observed an expansion of Rs 770.9 billion (growth of 5.29 percent) compared to expansion of Rs 756.1 billion (5.9 percent) in the same period last year. Similarly, reserve money growth contained at 5.6 percent during 01 July-30 March, FY2018 compared to the growth of 7.9 percent during the comparable period of last year.

## STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- (a) The financial statements, prepared by the Management Company of the Funds, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holders' funds.
- (b) Proper books of account of the Funds have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- (e) The system of internal control is sound in design and has effectively implemented and monitored.
- (f) There are no significant doubts upon the Funds' ability to continue as a going concern.
- (g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- (h) Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- (i) The statement showing the attendance of Directors in BOD meetings and Audit Committee meetings is as under:

S.No.	Name of Director	MEETINGS ATTENDANCE				Attended	Leave
		29-Sep-17	28-Oct-17	23-Feb-18	27-Apr-18		
1	Mr. Abdul Karim	✓	✓	✓	✓	4	0
2	Mr. Imran Motiwala	✓	✓	✓	✓	4	0
3	Ms. Anum Dhedhi	✓	✓	✓	✓	4	0
4	Mr. Saim Mustafa Zuberi	✓	X	✓	✓	3	1
5	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
6	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
7	Ms. Aysha Ahmed	✓	✓	✓	✓	4	0

S.No.	Name of Director	MEETINGS ATTENDANCE				Attended	Leave
		29-Sep-17	28-Oct-17	23-Feb-18	27-Apr-18		
1	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
2	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
3	Mr. Saim Mustafa Zuberi	✓	X	✓	✓	3	1

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

S.No.	Trades by	Designation	Investment (No. of units)	Redemption (No. of units)
<b>AKD OPPORTUNITY FUND</b>				
1.	Mr. Imran Motiwala	Director & CEO	16,127.0264	-
2.	Ms. Anum Dehdi	Director & CIO	8,481.7292	(43,020.1033)
3.	Mr. Muhammad Yaqoob	COO & Company Secretary	2,120.4323	-

S.No.	Trades by	Designation	Investment (No. of units)	Redemption (No. of units)
<b>AKD OPPORTUNITY FUND</b>				
1.	Ms. Sehr Imran Motiwala	Spouse CEO	32,257.9757	-
2.	Mr. Murtaza Wahab Siddiqui	Spouse Director	22,415.6692	-

S.No.	Trades by	Designation	Investment (No. of units)	Redemption (No. of units)
<b>AKD CASH FUND</b>				
1.	Mr. Hasan Ahmed	Director	113.5383	-

S.No.	Trades by	Designation	Investment (No. of units)	Redemption (No. of units)
<b>AKD ISLAMIC INCOME FUND</b>				
1.	Mr. Muhammad Munir	CFO	6,756.4094	-
2.	Mr. Muhammad Yaqoob	COO & Company Secretary	15,769.1461	-

S.No.	Trades by	Designation	Investment (No. of units)	Redemption (No. of units)
<b>AKD ISLAMIC STOCK FUND</b>				
1.	Mr. Saim Mustafa Zuberi	Director	10,077.9625	-
2.	Ms. Anum Dhedhi	Director & CIO	74,433.5416	-

#### **RATING OF THE MANAGEMENT COMPANY**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager rating of AM3++ (A M three Plus Plus) to AKD Investment Management Limited (AKDIML) on December 22, 2017.

#### **RATING OF THE FUNDS**

##### **AKD OPPORTUNITY FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 4-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year) and trailing 60 months (5 Year) for the period ended December 31, 2017] and 3-Star in the Short term [based on performance review of trailing 12 months (1 Year) for the period ended December 31, 2017] to AKD Opportunity Fund (AKDOF) on May 24, 2018.

##### **AKD CASH FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of 'AA+(f)' (Double A plus ; fund stability rating ) to AKD Cash Fund (AKDCF) on June 30, 2018.

##### **AKD AGGRESSIVE INCOME FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of 'A-(f)' (A Negative; fund stability rating ) to AKD Aggressive Income Fund (AKDAIF) on June 30, 2018.

#### **PATTERN OF UNITHOLDING**

The detailed pattern of unit holding as required by the Companies Act, 2017 and the Code of Corporate Governance is enclosed.

#### **APPOINTMENT OF AUDITORS**

The Board re-appointed M/s A.F. Ferguson & Co. Chartered Accountants as the statutory auditors for AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF) for the year 2018-2019 as recommended by the Audit Committee.

The Board re-appointed M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants as the statutory auditors for AKD Index Tracker Fund (AKDITF) and AKD Opportunity Fund (AKDOF) for the year 2018-2019 as recommended by the Audit Committee.

The Board re-appointed M/s Deloitte Yousuf Adil, Chartered Accountants as statutory auditors for AKD Islamic Income Fund (AKDISIF) and AKD Islamic Stock Fund (AKDISSF) for the year 2018-2019 as recommended by the Audit Committee.

The Board re-appointed M/s Grant Thornton Anjum Rahman, Chartered Accountants as statutory auditors of AKD Investment Management Limited for the year 2018-2019 as recommended by the Audit Committee.

#### **ACKNOWLEDGEMENTS**

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

For and on behalf of the Board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim**  
Chairman

Karachi: September 28, 2018

# AKD AGGRESSIVE INCOME FUND

## Financial Statements - 2018

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# AKD Aggressive Income 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

Apna Microfinance Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
BankIslami Pakistan Limited  
Dubai Islamic Bank Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
Moblink Microfinance Bank Limited  
MCB Bank Limited  
NRSP Microfinance Bank Limited  
Summit Bank Limited  
Telenor Microfinance Bank Limited  
U Microfinance Bank Limited

## AUDITORS

A.F. Ferguson & Co.  
Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road, P.O. Box 4716  
Karachi-74000

## 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  
BIPL Securities Limited  
BMA Capital Management Limited  
Finox (Pvt.) Limited  
First Street Capital (Pvt.) Limited  
IGI Investment Bank Limited  
Savings Lounge (Pvt.) Limited  
4 Sight Investments

## RATING

AKD Aggressive Income Fund  
PACRA: A-(f) [A minus(f)]

**FUND MANAGER'S REPORT**

**i) Description of the Collective Investment Scheme Category and type:**

Open - end Aggressive Fixed Income Scheme

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

AKDAIF is a dedicated fund that focuses primarily on fixed income securities and instruments. The objective of AKDAIF is to offer investors a convenient vehicle to invest in a diversified portfolio of fixed income securities / instruments that provide consistent returns with concern for preservation of capital over the longer term.

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

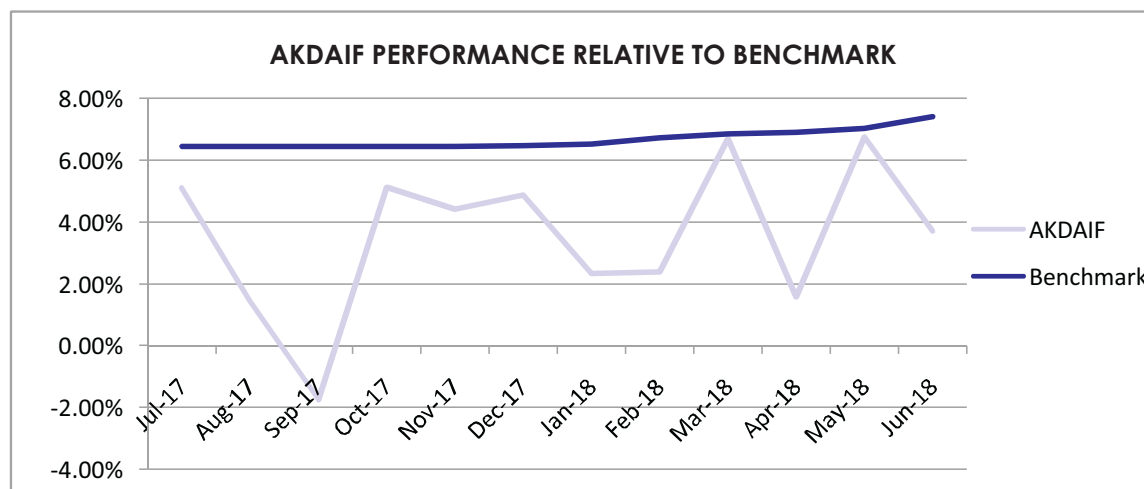
For the FY18, the return of AKD Aggressive Income Fund stood at 3.58% compared to the benchmark return of 6.69%.

**iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:**

1 Year KIBOR

**v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:**

Monthly yield (annualized)	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
<b>AKDAIF</b>	5.11%	1.43%	-1.76%	5.13%	4.42%	4.87%	2.33%	2.38%	6.70%	1.56%	6.75%	3.70%
<b>Benchmark</b>	6.46%	6.46%	6.47%	6.47%	6.47%	6.49%	6.53%	6.74%	6.87%	6.91%	7.05%	7.42%



**vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:**

AKD Aggressive Income Fund is an open end aggressive fixed income schemes, the return of the funds are generated through investment in T-bills, Margin Trading System, Spread transaction and corporate debt instruments. AKDAIF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

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

Asset Allocation (% of Total Asset)	30-Jun-2018	31-March-2018
Cash and cash equivalent	41.58%	43.29%
Commercial Paper	5.68%	6.40%
Placement with Banks and NBFCs	9.03%	11.01%
Preference Shares	-	0.25%
TFCs / SUKUK	33.30%	37.51%
Spread Transaction (Cost)	7.65%	-
Other assets including receivables	2.76%	1.54%

- viii) Non-Compliant Investment

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
Silk Bank Limited	TFC	92,927	Nil	92,927	12.75%	11.35%
TPL Corp (Ltd.)	TFC	78,145	Nil	78,145	10.72%	9.54%
TheBank of Punjab	TFC	76,636	Nil	76,636	10.51%	9.36%
Finca Microfinance Bank Limited	TDR	74,000	Nil	74,000	10.15%	9.03%

- ix) Analysis of the Collective Investment Scheme's performance:

FY18Return	3.58%
Benchmark	6.69%

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

Net Asset Value			NAV per Unit	
30-Jun-2018	31-March-2018	Change	30-Jun-2018	31 March-18
(Rupees in '000)			(Rupees)	
728,864	717,457	1.59%	53.5418	53.0289

- xi) Disclosure on the markets that the Collective Investment Scheme has invested in including reviews of the market (s) invested in and return during the period:

## MACRO PERSPECTIVE

Pakistan's real GDP continued its upward trajectory, displaying a thirteen year high growth of 5.8% in FY18 up from 5.3% in FY17. This growth was led by impressive private sector credit performance, improving agricultural output, notable manufacturing & services growth, recovery in exports, lowest policy rate, increase in FDI and remittances, improvement in energy supply to various sectors and higher LSM growth. At the same time, progress on China Pakistan Economic Corridor (CPEC) projects, improved law and order and contained inflation fueled growth. The large scale manufacturing sector which constitutes 80% of total manufacturing and 11% of the overall GDP

exhibited a growth of 6% during July-May 18 as opposed to 5.6% during the same period last year. This was particularly led by growth in electronics (36%), Iron & Steel Products (22.02%), automobiles (18.03%), and Coke & Petroleum products (13.53%)

The performance of the agricultural sector was remarkable in FY18 as it achieved 3.81% growth, above its target of 3.5%. This significant growth was achieved on the back of higher yields, attractive output prices, supportive government policies and timely availability of agriculture inputs including fertilizer and pesticides. On the contrary, the service sector disappointingly posted negative growth of 7% YoY in FY18.

During FY18, Consumer Price Index (CPI) clocked in at 3.92% as compared to 4.16% in FY17. CPI remained much below the annual target of 6% set by the SBP. However, ground realities are changing rapidly as evident from rising headline and core inflation for June'18, clocking in at 5.2% and 7.1% (YoY) respectively following second round impact of currency depreciation (~16% in FY18). Therefore, State Bank of Pakistan (SBP) raised the policy rate by 100bps to 7.5% in July-18 monetary policy statement to prevent economy from overheating.

According to SBP, the current account deficit (provisional) clocked in at USD 17.99 billion (5.7% of GDP) in FY18 against USD 12.62 billion (4.1% of GDP) in corresponding period last year. This substantial increase is mainly due to imports growth, up 14.7% YoY, sluggish exports, up 12.6% YoY and dismal growth in remittances, up by a mere 1.41% YoY.

On the fiscal front, Federal Board of Revenue (FBR) collected total tax revenue of PKR 3.84 trillion in FY18 but failed to achieve its revised target of PKR 3.93 trillion in FY18. The total revenue collected from the much hyped Amnesty Scheme for undisclosed foreign and domestic assets was around Rs120 billion, out of which Rs 97 billion was collected in FY18, much below expectations.

The Federal Budget 2018-2019 introduced tough policies for various sectors, primarily autos, cements, and real estate. Restriction on non-filers for purchase of new cars has adversely impacted the auto sector as majority of the population falls in this category. Moreover, real estate sector has taken a hit by further restrictions on non-filers for purchase of property over 5 million PKR. On the other hand, these measures are expected to improve tax collection in the long run with improvement in tax base in country. Furthermore, curtailment of PSDP announced in Federal Budget-18/19, due to restricted fiscal space, is expected to dampen the overall demand in economy particularly cements and steel sector.

Going forward, agriculture sector growth is expected to remain below target in FY19 mainly due to looming water crisis which is likely to constrain agriculture production whereas the manufacturing sector is expected to remain steady owing to high base effect, ongoing monetary tightening and some sector specific issues. Consequently, SBP expects FY19 GDP growth to be around 5.5% as compared to annual target of 6.2%. Depreciation of PKR, will make the imports expensive and exports competitive internationally, thereby relieving some pressure on current account. Furthermore, possible bailout from IMF, financial assistance from other countries (China, Saudi Arabia) and expected improvement in remittances due to support of overseas Pakistanis for PTI government may provide much needed breather to the external account.

CPEC investments will continue to play a major role in attracting investment in Pakistan to provide an impending support to the deteriorating external account. That said, any deterioration on the external front (increase in oil prices, stagnant in remittances, worsening trade balance) pose a major risk to PKR-USD parity in our view. Furthermore, the circular debt situation has reached alarming levels again in the power sector and will need concrete steps to arrest its rise. However, given the limited fiscal space, any one off settlement seems unlikely. Overall, clarity about the economic policies of the incoming PTI government will remain a key determinant of macro performance.

**MONEY MARKET REVIEW**

During FY18, The State Bank of Pakistan (SBP) carried out 26 T-bills auctions where the government managed to raise PKR 17.29 trillion. During this period, weighted average yield on 3, 6, and 12 months T-bills were at 5.98%, 6.13% and 6.04% respectively up from 5.92%, 5.94% and 5.95% during the corresponding period last year.

SBP also conducted 12 auctions of PIB's and managed to raise PKR 101.73 billion during FY18. The PIB auctions followed suit where weighted average maturities yield on 3, 5 and 10 years PIB increased to 7.06%, 7.86% and 8.40% respectively from 6.30%, 6.81% and 7.87% in the corresponding period last year.

The domestic debt consists of 31% of short term T-bills while long term PIB's consist of 20% of the total domestic debt. This debt profiling is indicative of a rising interest rate scenario moving ahead. This debt management strategy has increased the re-financing risk for the Government due to shortening of maturity profile.

The Government announced Monetary Policy Statement on July, 2018, where the committee decided to hike the policy rate by 100bps to 7.5% in view of reversal of international oil and commodities prices and to address the domestic demand pressures as well exchange rate movement. During 01 July-30 March, FY2018 Broad Money (M2) observed an expansion of Rs 770.9 billion (growth of 5.29 percent) compared to expansion of Rs 756.1 billion (5.9 percent) in the same period last year. Similarly, reserve money growth contained at 5.6 percent during 01 July-30 March, FY2018 compared to the growth of 7.9 percent during the comparable period of last year.

**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 changes in the state of affairs during the period under review.

**xiii) Disclosure on unit split (if any), comprising:**

There were no unit splits during the period.

**xiv) Breakup of unit holding by size:**

Range (Units)	No. of Investors
0.1 - 9,999	93
10,000 - 49,999	18
50,000 - 99,999	4
100,000 - 499,999	7
500,000 and above	4
	<b>126</b>

**xv) Disclosure of circumstances that materially affect any interest 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, 2018

	No. of Unitholders	Units Held	% of Total
Associated Companies	-	-	-
Directors and CEO	-	-	-
Individuals	112	1,369,402	10.06%
Insurance Companies	2	2,092,389	15.37%
Banks/DFIs	2	144,013	1.06%
Retirement funds	6	9,600,324	70.52%
Public Limited Companies	1	1	0.00%
Others	3	406,853	2.99%
	<b>126</b>	<b>13,612,982</b>	<b>100.00%</b>

## TRUSTEE REPORT TO THE UNIT HOLDERS

### AKD AGGRESSIVE INCOME 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 Aggressive Income 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, 2018 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.

Karachi: September 28, 2018

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
AKD AGGRESSIVE INCOME FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of AKD Aggressive Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Amendments to NBFC Regulations, 2008</b></p> <p>(Refer note 3.10 to the annexed financial statements)</p> <p>The Securities and Exchange Commission of Pakistan (the SECP) through its notification [SRO 756(I)/2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The impacts of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly include changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund'.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</li> <li>● performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</li> <li>● verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations.</li> </ul>

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned notification. The change in accounting policy has been applied prospectively from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy, the element of income which was previously recognised as part of the income for the year in the Income Statement is now considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Fund. Element of income is explained in note 3.10.</p> <p>The SECP notification also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>In order to avail tax exemption, the Fund has to distribute 90 percent of its accounting income (excluding realised and unrealised capital gains). However, at the time of distribution of income, the element of income contributed on issue of units recognised in the equity during the year is required to be refunded on the units in the same proportion in which income is distributed from the Income Statement i.e. after taking into account the amount of income already paid on units redeemed. Management has developed a system for carrying out the calculations for such distributions.</p> <p>These calculations are important from the point of view of ensuring compliance with the applicable requirements. The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>● recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</li> <li>● verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</li> <li>● verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</li> </ul>

S. No.	Key Audit Matter	How the matter was addressed in our audit
2	<p><b>Net Asset Value</b></p> <p>(Refer notes 4 and 5 to the annexed financial statements)</p> <p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances aggregated to Rs.241.12 million and investments of the Fund as at June 30, 2018 amounted to Rs.555.19 million.</p> <p>The proper valuation of bank balances and investments for the determination of NAV of the Fund as at June 30, 2018 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● tested the design and operating effectiveness of the key controls for valuation of investments.</li> <li>● obtained independent confirmations for verifying the existence of the bank balances and investment portfolio as at June 30, 2018 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.</li> <li>● re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> <li>● obtained approval of the board of directors of the management company in relation to opening and closing of bank accounts.</li> <li>● obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Rashid A. Jafer**.

Karachi: September 28, 2018

**A.F. Ferguson & Co.**  
Chartered Accountants

## STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2018

	Note	2018	2017
<b>ASSETS</b>		----- (Rupees in '000) -----	
Bank balances	4	241,122	193,275
Investments	5	555,185	589,351
Profit receivable	6	8,244	9,578
Other receivables		48	66
Receivable from the Management Company - net	8.2.1	-	224
Deposits and prepayments	7	13,362	22,345
Receivable against sale of securities		1,081	165,559
<b>Total assets</b>		<b>819,042</b>	980,398
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company	8	5,853	5,540
Payable to Central Depository Company of Pakistan Limited - Trustee	9	123	153
Payable to the Securities and Exchange Commission of Pakistan	10	621	771
Payable against purchase of securities		62,661	2,422
Accrued expenses and other liabilities	11	9,526	12,113
Payable against redemption of units		11,394	24,750
<b>Total liabilities</b>		<b>90,178</b>	45,749
<b>NET ASSETS</b>		<b>728,864</b>	934,649
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>728,864</b>	934,649
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>13,612,982</b>	18,081,760
		----- (Rupees)-----	
<b>NET ASSET VALUE PER UNIT</b>		<b>53.5418</b>	51.6902
<b>FACE VALUE PER UNIT</b>		<b>50</b>	50

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
**Abdul Karim**  
Chairman

\_\_\_\_\_  
**Muhammad Munir**  
Chief Financial Officer

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

## INCOME STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
(Rupees in '000)			
<b>INCOME</b>			
Income from spread transactions		1,152	13,963
Capital (loss) / gain on sale of investments - net		(1,414)	350
Profit on bank deposits		19,352	9,012
Income from Government securities		6,774	11,912
Income from Term Finance Certificates and Sukuk Certificates		22,251	15,401
Income from Term Deposit Receipts		7,839	22,983
Income from Commercial Paper		3,058	-
Income from Margin Trading System		-	1,504
Dividend income		-	5,891
Reversal of provision against Workers Welfare Fund		-	4,847
		<b>59,012</b>	<b>85,863</b>
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	<b>(6,296)</b>	<b>3,826</b>
Unrealised appreciation in the fair value of future contracts		<b>20</b>	<b>39</b>
<b>Total Income</b>		<b>52,736</b>	<b>89,728</b>
<b>EXPENSES</b>			
Remuneration of the Management Company - net	8.2 & 13	<b>12,221</b>	<b>13,974</b>
Sindh sales tax on remuneration of the Management Company	8.3	<b>1,615</b>	<b>2,005</b>
Remuneration of the Trustee	9.1	<b>1,408</b>	<b>1,698</b>
Sindh sales tax on remuneration of the Trustee	9.2	<b>183</b>	<b>220</b>
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	<b>621</b>	<b>771</b>
Security transaction costs		<b>416</b>	<b>2,397</b>
Provision against Sindh Workers' Welfare Fund	11.1	<b>578</b>	<b>2,112</b>
Auditors' remuneration	14	<b>474</b>	<b>375</b>
Settlement and bank charges		<b>78</b>	<b>363</b>
Fees and subscriptions		<b>409</b>	<b>834</b>
Legal and professional		<b>1,025</b>	<b>315</b>
Impairment loss on investments	5.3.4	<b>4,410</b>	<b>-</b>
Allocated expenses	8.4	<b>828</b>	<b>1,028</b>
Printing and related costs		<b>141</b>	<b>173</b>
<b>Total Expenses</b>		<b>24,407</b>	<b>26,265</b>
<b>Net income from operating activities</b>		<b>28,329</b>	<b>63,463</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		<b>-</b>	<b>(21,004)</b>
<b>Net income for the year before taxation</b>		<b>28,329</b>	<b>42,459</b>
<b>Taxation</b>	15	<b>-</b>	<b>-</b>
<b>Net income for the year after taxation</b>		<b>28,329</b>	<b>42,459</b>
<b>Earnings per unit</b>	3.14		
<b>Allocation of net income for the year</b>			
Net income for the period after taxation		<b>28,329</b>	
Income already paid on units redeemed		<b>(7,176)</b>	
		<b>21,153</b>	
<b>Accounting income available for distribution</b>			
- Relating to capital gains		<b>-</b>	
- Excluding capital gains		<b>21,153</b>	
		<b>21,153</b>	

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
**Abdul Karim**  
Chairman

\_\_\_\_\_  
**Muhammad Munir**  
Chief Financial Officer

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018 ----- (Rupees in '000) -----	2017
<b>Net income for the year after taxation</b>	<b>28,329</b>	42,459
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>28,329</b>	<b>42,459</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited  
 (Management Company)**

\_\_\_\_\_  
**Abdul Karim**  
 Chairman

\_\_\_\_\_  
**Muhammad Munir**  
 Chief Financial Officer

\_\_\_\_\_  
**Imran Motiwala**  
 Chief Executive Officer

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in '000)	2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		28,329	42,459
<b>Adjustments for non-cash and other items</b>			
Unrealised diminution / (appreciation) in fair value of investments classified as 'financial assets at fair value through profit or loss' - net		6,296	(3,826)
Unrealised appreciation in the fair value of future contracts		(20)	(39)
Capital loss / (gain) on sale of investments		1,414	(350)
Reversal of provision against workers welfare fund		-	(4,847)
Provision against Sindh Workers' Welfare Fund		578	2,112
Impairment loss on investments		4,410	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		-	21,004
		<b>41,007</b>	<b>56,513</b>
<b>(Increase) / decrease in assets</b>			
Investments - net		(57,938)	123,456
Receivable against Margin Trading System		-	64,602
Profit receivable		1,334	(3,381)
Other receivables		18	1,775
Receivable from the Management Company		224	(224)
Receivable against sale of securities		164,478	(165,559)
Deposits and prepayments		8,983	(12,817)
		<b>117,099</b>	<b>7,852</b>
<b>Increase / (decrease) in liabilities</b>			
Payable to AKD Investment Management Limited - Management Company		313	22
Payable to Central Depository Company of Pakistan Limited - Trustee		(30)	(51)
Payable to Securities and Exchange Commission of Pakistan		(150)	229
Payable against purchase of securities		60,239	(2,500)
Accrued expenses and other liabilities		(3,165)	(484)
		<b>57,207</b>	<b>(2,784)</b>
<b>Net cash generated from operating activities</b>		<b>215,313</b>	<b>61,581</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Amount received against issuance of units		2,105,660	2,286,795
Amount paid against redemption of units		(2,353,130)	(2,161,991)
Cash distributions paid during the year		-	(41,783)
<b>Net cash (used in) / generated from financing activities</b>		<b>(247,470)</b>	<b>83,021</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		<b>(32,157)</b>	<b>144,602</b>
Cash and cash equivalents at beginning of the year		446,701	302,099
<b>Cash and cash equivalents at end of the year</b>	17	<b>414,544</b>	<b>446,701</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited  
(Management Company)**

**Abdul Karim**  
Chairman

**Muhammad Munir**  
Chief Financial Officer

**Imran Motiwala**  
Chief Executive Officer

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2018

	2018			(Rupees in '000)				2017		
	Capital Value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on 'available for sale'	Total	Capital Value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on 'available for sale' investments	Total		
Net assets at beginning of the year	901,942	32,707	-	934,649	809,289	32,031	-	841,320		
Issue of 40,141,607 units (2017: 42,496,217 units)										
'- Capital value (at net asset value per unit at the beginning of the year)	2,074,926	-	-	2,074,926						
- Element of income	30,734	-	-	30,734						
Total proceeds on issuance of units	2,105,660	-	-	2,105,660	2,195,046	63,344	-	2,258,390		
Redemption of 44,610,385 units (2017: 40,702,472 units)										
'- Capital value (at net asset value per unit at the beginning of the year)	2,305,918	-	-	2,305,918						
- Element of loss	26,680	7,176	-	33,856						
Total payments on redemption of units	2,332,598	7,176	-	2,339,774	2,102,393	84,348	-	2,186,741		
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	-	21,004	-	21,004		
Total comprehensive income for the year	-	28,329	-	28,329	-	42,459	-	42,459		
Distribution during the year	-	-	-	-	-	(41,783)	-	(41,783)		
Net income for the year less distribution	-	28,329	-	28,329	-	676	-	676		
<b>Net assets at end of the year</b>	<b>675,004</b>	<b>53,860</b>	<b>-</b>	<b>728,864</b>	<b>901,942</b>	<b>32,707</b>	<b>-</b>	<b>934,649</b>		
Undistributed income brought forward										
- Realised				28,842				29,569		
- Unrealised				3,865				2,462		
				<u>32,707</u>				<u>32,031</u>		
Accounting income available for distribution										
- Relating to capital gains				-						
- Excluding capital gains				21,153						
				<u>21,153</u>						
Net income for the year after taxation				-				42,459		
Distribution for the year				-				(41,783)		
Undistributed income carried forward				<u>53,860</u>				<u>32,707</u>		
Undistributed income carried forward										
- Realised income				60,136				28,842		
- Unrealised (loss) / income				(6,276)				3,865		
				<u>53,860</u>				<u>32,707</u>		
				<b>(Rupees)</b>				<b>(Rupees)</b>		
Net assets value per unit at beginning of the year				<u>51.6902</u>				<u>51.6527</u>		
Net assets value per unit at end of the year				<u>53.5418</u>				<u>51.6902</u>		

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
**Abdul Karim**  
Chairman

\_\_\_\_\_  
**Muhammad Munir**  
Chief Financial Officer

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive Income Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the trust deed on September 11, 2006 and it was executed on October 2, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced operations from March 23, 2007.

The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules, through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi, in the province of Sindh.

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

The Fund is classified as an 'Aggressive Fixed Income Scheme'. The principal activity of the Fund is to make investments in government securities, cash in bank account, money market placements, deposits, certificate of deposits (COD), certificate of mushrakas (COM), TDRs, commercial paper, reverse repo, TFC/Sukuk, spread transactions and transactions under Margin Trading System.

The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager rating of "AM3++" to the Management Company dated December 22, 2017. PACRA has also assigned fund stability rating of "A-(f)" to the Fund dated June 30, 2018.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

**2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year**

There are certain amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

**2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

The following standards have been adopted in Pakistan and would be effective from the dates mentioned below against the respective standards:

<b>Standards, Interpretations or Amendments</b>	<b>Effective date (accounting period beginning on or after)</b>
- IFRS-9 Financial Instruments	July 01, 2018
- IFRS-15 Revenue from contracts with customers	July 01, 2018
- IFRS-16 Leases	January 01, 2019

These standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards on the financial statements of the Fund.

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2.1 and 5.1, 5.2 and 5.3)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 15)

**2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

**2.6 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied except for the change in accounting policies as explained in note 3.10 below.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows:

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

#### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

#### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Income Statement.

#### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair

value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

**Basis of valuation**

- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.
- Other debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

**b) Loans and receivables**

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

**3.2.6 Impairment**

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

**3.2.7 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

**3.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

### **3.4 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.7 Dividend distribution and appropriations**

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved by the Board of Directors of the Management Company.

Distributions declared including bonus units are recorded in the period in which they are approved. Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors / Management Company receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any duties, taxes, and charges on redemption, if applicable.

### **3.9 Distributions to unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.10 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on the clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs 3.06 million net of charge for SWWF in respect of element of income with immaterial effect on the NAV per unit of the Fund. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

### 3.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.12 Revenue recognition

- Gains or loss on sale of investment is accounted for in the Income Statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the Income Statement in the period in which it arises.

- Unrealised gain / loss arising on revaluation of investments classified as available for sale is included in other comprehensive income in the period in which it arises.
- Profit on bank deposits and Term Deposit Receipts is recognised on an accrual basis.
- Profit / mark-up on debt and government securities is recognised using effective interest method.
- Dividend income is recognised when the right to receive the dividend is established.

### 3.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

### 3.14 Earnings per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year before taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

### 3.15 Margin Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into at contracted rates for specified periods of time. All MTS transactions are accounted for on the settlement date. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on an accrual basis using the effective interest method. Cash releases are adjusted against the receivable as a reduction in the amount of receivable. The maximum maturity of an MTS contract is 60 calendar days out of which 25 percent exposure is automatically released at expiry of every 15th day from the date of contract.

4	BANK BALANCES	Note	2018	2017
---- (Rupees in '000) ----				
	In savings accounts	4.1	241,055	193,210
	In current accounts		67	65
			<b>241,122</b>	<b>193,275</b>

4.1 These accounts carry markup at rates ranging from 4.50% to 7.75% (2017: 3.75% to 6.20%) per annum.

5	INVESTMENTS	Note	2018	2017
---- (Rupees in '000) ----				
<b>Financial assets 'at fair value through profit or loss' - held for trading</b>				
	- Debt securities - Term Finance Certificates	5.1.1	272,716	235,352
	- Debt securities - Sukuk Certificates	5.1.2	-	63,087
	- Government securities - Market Treasury Bills	5.1.3	99,422	24,923
	- Listed equity securities	5.1.4	62,535	2,387
			<b>434,673</b>	325,749
<b>Available for sale investments</b>				
	-Debt securities	5.2.1	-	-
<b>Loans and receivables</b>				
	-Term deposit receipts (TDR)	5.3.1	74,000	258,503
	- Commercial Papers	5.3.2	46,512	-
	-Preference shares	5.3.3	-	5,099
			<b>120,512</b>	263,602
			<b>555,185</b>	<b>589,351</b>

## 5.1 Financial assets 'at fair value through profit or loss' - held for trading

### 5.1.1 Debt securities - Term Finance Certificates

Name of Investee Company	Face value per certificate	Number of certificates				Balance as at June 30, 2018		Unrealised appreciation / (diminution) as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of Net Assets	Investment as a percentage of total issue size
		As at July 1, 2017	Purchased during the year	Sold / redeemed during the year	As at June 30, 2018	Carrying value	Market value				
	Rupees					-----Rupees in '000'			----- %		
<b>Term finance certificates - listed</b>											
Summit Bank Limited	5,000	5,000	-	-	5,000	25,043	25,008	(35)	4.50	3.43	1.67
Worldcall Telecom Limited	5,000	20,000	-	-	20,000	-	-	-	-	-	-
Soneri Bank Limited	5,000	6,700	-	6,700	-	-	-	-	-	-	-
Dewan Cement Limited-(note 5.1.1.3)	5,000	20,000	-	-	20,000	-	-	-	-	-	-
Pace Pakistan Limited	5,000	115	-	-	115	-	-	-	-	-	-
<b>Term finance certificates - unlisted</b>											
TPL Corporation Limited (formerly TPL Trakker Limited )	100,000	-	780	-	780	78,000	78,145	145	14.08	10.72	6.51
Silk Bank Limited	5,000	20,000	-	-	20,000	99,990	92,927	(7,063)	16.74	12.75	4.65
The Bank of Punjab	100,000	750	-	-	750	75,817	76,636	819	13.80	10.51	3.07
						<u>278,850</u>	<u>272,716</u>	<u>(6,134)</u>			
<b>Total - June 30, 2018</b>						<b><u>278,850</u></b>	<b><u>272,716</u></b>	<b><u>(6,134)</u></b>			
Total - June 30, 2017						<u>234,578</u>	<u>235,352</u>	<u>774</u>			

5.1.1.1 Significant terms and conditions of term finance certificates outstanding as at June 30, 2018 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Summit Bank Limited	6 months KIBOR + 3.25%	27-Oct-2011	27-Oct-18	A-
TPL Corporation Limited (formerly TPL Trakker Limited )	3 months KIBOR + 1.50%	19-Dec-17	19-Dec-19	AA-
The Bank of Punjab	6 months KIBOR + 1.00%	23-Dec-16	23-Dec-26	AA-
Silk Bank Limited	6 months KIBOR + 1.85%	10-Aug-17	10-Aug-25	A-

5.1.1.2 The cost of investments as at June 30, 2018 amounted to Rs 418.670 million (2017: Rs 370.347 million). These carry profit at the rate of 8.02% to 9.76% (2017: 7.14% to 9.41%) per annum.

5.1.1.3 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). Dewan Cement Limited (DCL) failed

to complete the public offering within the said time period and has also defaulted in payment of principal and profit for the said period. As a matter of prudence, the Fund has made provision for the amount of the investment in accordance with the provisioning criteria specified in circular no. 1 of 2009 dated January 6, 2009 issued by the SECP.

### 5.1.2 Debt securities - Sukuk Certificates

Name of Investee Company	Face value per certificate	Number of certificates				Balance as at June 30, 2018		Unrealised appreciation / (diminution) as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of Net Assets	Investment as a percentage of total issue size
		As at July 1, 2017	Purchased during the year	Sold / redeemed during the year	As at June 30, 2018	Carrying value	Market value				
		Rupees				Rupees in '000'		%			
<b>Sukuk certificates - unlisted</b>											
TPL Corporation Limited (formerly TPL Trakker Limited)	1,000,000	60	-	60	-	-	-	-	-	-	-
<b>Total - June 30, 2018</b>						<b>-</b>	<b>-</b>	<b>-</b>			
Total - June 30, 2017						60,000	63,087	3,087			

### 5.1.3 Government securities - Market Treasury Bills

Tenor	Face Value				Balance as at June 30, 2018			Market value as a percentage of investments	Market value as a percentage of net assets		
	At July 1, 2017	Purchased during the year	Sold / matured during the year	As at June 30, 2018	Carrying Value	Market value	Unrealised diminution as at June 30, 2018				
Rupees in '000'											
6 Months	-	150,000	150,000	-	-	-	-	-	-		
3 months	25,000	909,000	834,000	100,000	99,458	99,422	(36)	17.91	13.64		
					25,000	1,059,000	984,000	100,000	99,458	99,422	(36)
<b>Total - June 30, 2018</b>						<b>99,458</b>	<b>99,422</b>	<b>(36)</b>			
Total - June 30, 2017						24,923	24,923	-			

**5.1.3.1** The cost of investments as at June 30, 2018 amounts to Rs 98.680 million (2017: Rs 24.660 million). These carry profit at the rate of 6.26% (2017: 5.99%) per annum and will mature on August 02, 2018 (2017: July 20, 2017).

**5.1.3.2** On May 22, 2018, the Fund transferred Market Treasury Bills of Rs. 25 million (face value) into National Clearing Company Limited (NCCPL) Exposure margin account maintained with Bank Al-falah Limited in respect of Exposure Margin and Mark-to-Market losses in Ready Market.

### 5.1.4 Listed equity securities (spread transactions)

Ordinary shares have a face value of Rs. 10 each except share of K-Electric which have a face value of Rs. 3.5 per share.

Name of Investee Company	Number of Shares				Balance as at June 30, 2018		Diminution	Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size	
	As at July 1, 2017	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2018	Carrying value					Market value
	-----Rupees in '000'-----							-----%-----			
The Bank of Punjab	-	1,443,000	-	1,443,000	-	-	-	-	-	-	
Descon Oxychem Limited	-	64,500	-	-	64,500	1,244	1,245	1	0.22	0.17	
Engro Fertilizers Limited	-	106,500	-	106,500	-	-	-	-	-	-	
Fauji Fertilizer Bin Qasim	-	1,488,500	-	-	1,488,500	57,574	57,456	(118)	10.35	7.88	
Fauji Fertilizer Company Limited	15,500	-	-	15,500	-	-	-	-	-	-	
Fauji Cement Company Limited	-	110,500	-	-	110,500	2,547	2,525	(22)	0.45	0.35	
K-Electric Limited	-	118,000	-	-	118,000	665	670	5	0.12	0.09	
National Bank Of Pakistan	-	25,000	-	25,000	-	-	-	-	-	-	
Pak Elektron Limited	-	10,500	-	10,000	500	18	17	(1)	-	-	
Pakistan Telecommunication Company Limited	-	40,000	-	-	40,000	446	458	12	0.08	0.06	
Sui Southern Gas Company Limited	-	5,000	-	-	5,000	167	164	(3)	0.03	0.02	
TPL Corporation Limited (formerly TPL Trakker Limited )	112,000	-	-	112,000	-	-	-	-	-	-	
Treet Corporation Limited	-	34,000	-	34,000	-	-	-	-	-	-	
TRG Pakistan Limited	-	3,115,500	-	3,115,500	-	-	-	-	-	-	
Worldcall Telecom Limited	-	3,550,500	-	3,550,500	-	-	-	-	-	-	
<b>Total - June 30, 2018</b>						<b>62,661</b>	<b>62,535</b>	<b>(126)</b>			
Total - June 30, 2017						2,422	2,387	(35)			

5.1.4.1 The cost of investment in listed equity securities amounted to Rs 62.661 million (2017: Rs 2.422 million).

5.1.4.2 The above equity securities were purchased in the ready market and simultaneously sold in the future market, resulting in spread income due to difference in ready and future stock prices.

## 5.2 Available for sale investments

### 5.2.1 Debt securities

Name of Investee Company	Face value per certificate	Number of Certificates			As at June 30, 2018	Balance as at June 30, 2018		Appreciation / (diminution)	Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size
		As at July 1, 2017	Purchased during the year	Sold / redeemed during the year		Carrying value	Market value				
		Rupees				----- (Rupees in '000) -----				----- % -----	
<b>Sukuk certificates - unlisted</b>											
New Allied Electronics Industries (Private) Limited (25-07-07)	312.50	96,000	-	-	96,000	30,000	-	(30,000)	-	-	-
						30,000	-	(30,000)			
Less: Impairment recognised in the income statement in prior years						30,000	-	30,000			
<b>Total - June 30, 2018</b>						<b>-</b>	<b>-</b>	<b>-</b>			
Total - June 30, 2017						-	-	-			

5.2.1.1 New Allied Electronics Industries (Private) Limited defaulted on the amount of principal and mark-up due on the scheduled redemption dates i.e. October 25, 2008, January 25, 2009, April 25, 2009, July 25, 2009, October 25, 2009, January 25, 2010 and April 25, 2010. Hence, the Fund has provided for the amount of the Investment by 100% in accordance with the requirements of circular no. 1 of 2009 dated January 6, 2009.

## 5.3 Loans and receivables

### 5.3.1 Term deposit receipts (TDR)

These carry profit at the rate of 7.60% (2017: 6.3% to 9.51%) per annum and are due to mature by September 28, 2018. At June 30, 2018, TDR represented 10.15% (2017: 27.66%) of the total net assets of the Fund.

### 5.3.2 Commercial Paper (CP)

This Commercial paper (CP) was issued by Crescent Steel and Allied Products Limited and was purchased during the current year. It carries yield of 7.50% per annum maturing on August 15, 2018. At June 30, 2018, CP represented 6.38% (June 30, 2017: Nil) of the total net assets of the Fund.

### 5.3.3 Preference shares

	Note	2018	2017
---- (Rupees in '000) ----			
Security Leasing Corporation Limited	5.3.3.1	-	5,099

**5.3.3.1** In view of its adverse financial position, Security Leasing Corporation Limited had deferred the payment of 3rd redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2009 and 4th redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2010. As per the terms of the preference shares, the preference shareholders have preference over ordinary shareholders in the event of liquidation of the Company. Based on this, the management recorded a provision of Rs 6.25 million in the year 2015 as per the break up value of the share of the Company as at March 31, 2015. During the current year, the management has fully provided for the investment.

**5.3.4 Non compliant investments**

Name of non compliant investment	Note	Type of investment	Value of Investment	Provision balance as on July 01, 2017	Provision during the year	Provision as on June 30, 2018	Value of investment after provision	Market value as a percentage of net assets	Investment as a percentage of total issue size
----- (Rupees in '000) ----- % -----									
Security Leasing Corporation Limited		Preference shares	10,663	(6,253)	(4,410)	(10,663)	-	-	-

	Note	2018	2017
		---- (Rupees in '000) ----	
<b>5.4</b>	<b>Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net</b>		
	Market value of securities	434,673	325,749
	Less: carrying value of securities	(440,969)	(321,923)
		<b>(6,296)</b>	<b>3,826</b>
<b>6</b>	<b>PROFIT RECEIVABLE</b>		
	Profit receivable on:		
	- Term Finance and Sukuk Certificates	3,984	5,669
	- Term Deposit Receipts	46	1,592
	- Commercial Paper	3,058	-
	- Bank deposits	1,156	2,317
		<b>8,244</b>	<b>9,578</b>
<b>7</b>	<b>DEPOSITS AND PREPAYMENTS</b>		
	Security deposit with National Clearing Company of Pakistan Limited - (NCCPL)	13,262	22,245
	Security deposit with Central Depository Company of Pakistan Limited - (CDC)	100	100
		<b>13,362</b>	<b>22,345</b>
<b>8</b>	<b>PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Federal Excise Duty on management remuneration	4,141	4,141
	Management remuneration payable - net	758	-
	Sindh sales tax payable on management remuneration	123	159
	Payable against allocated expenses	828	1,099
	Sales load payable	1	3
	Others	2	138
		<b>5,853</b>	<b>5,540</b>

**8.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till June 30, 2018 amounting to Rs 4.14 million (2017: Rs 4.14 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2018 would have been higher by Re 0.3042 per unit (2017: Re 0.2290 per unit).

- 8.2** The Management Company has charged remuneration at the rate of 1.5 % per annum based on the daily net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

	Note	2018	2017
---- (Rupees in '000) ----			
<b>8.2.1 Management remuneration payable - net</b>			
Management remuneration payable		956	1,221
Less: reimbursement from the management company	13	198	1,445
Receivable from / (Payable to) the Management Company - net		758	(224)

- 8.3** During the year, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (2017: 13%).

- 8.4** In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

	Note	2018	2017
---- (Rupees in '000) ----			
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	9.1	108	133
Settlement charges payable to the trustee		1	2
Sindh Sales Tax payable on trustee remuneration and CDS charges	9.2	14	18
		123	153

- 9.1** Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure. There has been no change in the tariff structure during the year.

Net Assets Value (NAV)	Tariff per annum
Up to Rs 1,000 million	0.17% per annum of Net Assets
On an amount exceeding Rs 1,000 million upto Rs 5,000 million	Rs 1.7 million plus 0.085% per annum of Net Assets exceeding Rs 1,000 million
On an amount exceeding Rs 5,000 million	Rs 5.1 million plus 0.07% per annum of Net Assets exceeding Rs 5,000 million

- 9.2** During the year, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2017: 13%).

- 9.3** The remuneration is paid to the Trustee on a monthly basis in arrears.

		Note	2018	2017
<b>10</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>		---- (Rupees in '000) ----	
	Annual fee payable to the SECP	10.1	621	771
<b>10.1</b>	Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.			
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		---- (Rupees in '000) ----	
	Auditors' remuneration		337	297
	NCCPL clearing charges payable		30	21
	Withholding tax payable		21	8,610
	Provision against Sindh Workers Welfare Fund	11.1	2,690	2,112
	Others		6,448	1,073
			9,526	12,113
<b>11.1</b>	As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).			
	In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.			
	Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2018 would have been higher by Re 0.2 per unit (2017: Re 0.117 per unit)			
<b>12</b>	<b>CONTINGENCIES AND COMMITMENTS</b>			
	There were no contingencies and commitments as at June 30, 2018 and June 30, 2017 except as disclosed below.			
<b>12.1</b>	<b>Commitments</b>		---- (Rupees in '000) ----	
	Sale of listed equity securities in future (for spread transactions)		63,116	2,444
<b>13</b>	<b>REMUNERATION OF THE MANAGEMENT COMPANY - NET</b>			
	Remuneration of the Management Company		12,419	15,419
	Less: re-imburement from the Management Company	16	(198)	(1,445)
			12,221	13,974

14	<b>AUDITORS' REMUNERATION</b>	Note	2018	2017
			---- (Rupees in '000) ----	
	Annual audit fee		237	225
	Half yearly review fee		79	75
	Other certification and services		105	50
	Out of pocket expenses		53	25
			<b>474</b>	<b>375</b>

## 15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ended June 30, 2018 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

## 16 TOTAL EXPENSE RATIO

In accordance with regulation 60 (5) of the amended NBFC regulations 2008 the Total Expense Ratio (excluding government levies) of an aggressive fixed income fund is to be capped at 2% of the daily average net assets of the fund during the year. The Total Expense Ratio of the Fund for the year ended June 30, 2018 was 2.44% which included 0.39% representing government levies and SECP fee. Accordingly this has been capped at 2.39%. The total expense ratio (excluding government levies and SECP fee) exceeds the 2% capping by Rs 0.198 million which has been recorded as a receivable from the Management Company and adjusted against the remuneration of the Management Company.

17	<b>CASH AND CASH EQUIVALENTS</b>	Note	2018	2017
			---- (Rupees in '000) ----	
	Bank balances	4	241,122	193,275
	Market Treasury Bills (having original maturity upto 3 months)	5.1.3	99,422	24,923
	Term deposit receipts (having original maturity upto 3 months)	5.3.1	74,000	228,503
			<b>414,544</b>	<b>446,701</b>

## 18 TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include AKD Investment Management Limited( being the Management Company) and its related entities, Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes managed by the Management Company, any entity in which the Management Company , its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close relatives and key management personnel of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with related parties / connected persons and balances with them at the year end are as follows

**18.1 Details of transactions with related parties / connected persons during the year are as follows:**

	2018	2017
	---- (Rupees in '000) ----	
<b>AKD Investment Management Limited - Management Company</b>		
Purchase of units: Nil (2017: 1,338,311)	-	71,683
Redemption of units: Nil (2017: 1,351,711)	-	72,784
Management remuneration - net	<b>12,221</b>	13,974
Sindh sales tax on management remuneration	<b>1,615</b>	2,005
Sales load	<b>9</b>	5
Allocated expenses	<b>828</b>	1,028
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	<b>1,408</b>	1,698
Sindh sales tax on trustee remuneration	<b>183</b>	220
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Purchase of units 16,402 (2017: 133,944)	<b>857</b>	7,242
Redemption of units 24,812 (2017: 95,142)	<b>1,290</b>	5,146
Dividend paid	-	292
<b>AKD Securities Limited</b>		
Brokerage expenses	-	246
<b>Key Management Personnel, Director of the Management Company and their close relatives</b>		
<b>Hasan Ahmed - Director of the Management Company</b>		
Purchase of units: Nil (2017: 82,016)	-	4,454
Redemption of units: Nil (2017: 82,016)	-	4,463
<b>Spouse- Chief Executive Officer</b>		
Purchase of units: Nil (2017: 1,436,617)	-	77,605
Redemption of units: Nil (2017: 1,436,617)	-	77,797
<b>Chief Financial Officer</b>		
Purchase of units: Nil (2017: 6,953)	-	370
Dividend paid	-	40
<b>Head of HR and Administration</b>		
Purchase of units: 9167 (2017: Nil)	<b>478</b>	-
Redemption of units: 9167 (2017: Nil)	<b>479</b>	-
<b>Head of Internal Audit *</b>		
Purchase of units: Nil (2017: 198)	-	10
Dividend paid	-	1
<b>Unit holder holding 10% or more of the units in issue</b>		
<b>National Bank of Pakistan - Employees Pension Fund</b>		
Purchase of units : Nil (2017: 354,780)	-	18,325
Dividend paid	-	24,434

	2018	2017
	---- (Rupees in '000) ----	
<b>TPL Insurance Limited (formerly TPL Direct Insurance Limited)**</b>		
Purchase of units : 2017: 4,721,197	-	251,258
Redemption of units : 2017: 2,762,077	-	151,258
<b>Askari General Insurance Company Limited</b>		
Purchase of units: 5,579,096 (2017: 8,928,078)	<b>292,582</b>	474,517
Redemption of units: 6,828,622 (2017: 7,479,419)	<b>356,374</b>	409,628
* Head of Internal Audit resigned on January 12, 2018.		
** Prior year connected party, current year figures not shown		
<b>18.2 Details of balances with related parties / connected persons as at year end</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Payable to the Management Company-net	<b>758</b>	-
Receivable from the Management Company-net	-	224
Federal excise duty on management fee payable	<b>4,141</b>	4,141
Sales tax on management fee payable	<b>123</b>	159
Sales load payable	<b>1</b>	3
Payable against allocated expenses	<b>828</b>	1,099
Others	<b>2</b>	138
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Units held 85,950 (2017: 94,360)	<b>4,602</b>	4,877
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	<b>108</b>	133
Settlement charges payable	<b>1</b>	2
Sindh Sales Tax payable on trustee remuneration and CDS charges	<b>14</b>	18
Security deposit	<b>100</b>	100
<b>Chief Financial Officer</b>		
Units held 12,283 (2017: 12,283)	<b>658</b>	635
<b>Head of Internal Audit **</b>		
2017: 198 units	-	10
<b>Unit holder holding 10% or more of the units in issue</b>		
<b>National Bank of Pakistan Employees Pension Fund</b>		
Units held 7,783,338 (2017: 7,783,338)	<b>416,734</b>	402,322
<b>TPL Insurance Limited (formerly TPL Direct Insurance Limited)**</b>		
2017: 1,959,120	-	101,267
<b>Askari General Insurance Company Limited</b>		
Units held 1,549,744 (2017: 2,799,270)	<b>82,976</b>	144,695

\*\* Prior year connected party, current year figures not shown

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2018, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss or available for sale. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

Particulars	As at June 30, 2018			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
----- (Rupees in '000) -----				
<b>Financial assets</b>				
Bank balances	241,122	-	-	241,122
Investments	120,512	434,673	-	555,185
Profit receivable	8,244	-	-	8,244
Other receivables	48	-	-	48
Deposits and prepayments	13,362	-	-	13,362
Receivable against sale of securities	1,081	-	-	1,081
	<u>384,369</u>	<u>434,673</u>	<u>-</u>	<u>819,042</u>

Particulars	As at June 30, 2018		
	Liabilities 'at fair value through profit or loss'	Financial liabilities measured at amortised cost	Total
----- (Rupees in '000) -----			
<b>Financial liabilities</b>			
Payable to AKD Investment Management Limited - Management Company	-	5,853	5,853
Payable to Central Depository Company of Pakistan Limited - Trustee	-	123	123
Payable against purchase of securities	-	62,661	62,661
Accrued expenses and other liabilities	-	6,815	6,815
Payable against redemption of units	-	11,394	11,394
	<u>-</u>	<u>86,846</u>	<u>86,846</u>

Particulars	As at June 30, 2017			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
----- (Rupees in '000) -----				
<b>Financial assets</b>				
Bank balances	193,275	-	-	193,275
Investments	263,602	325,749	-	589,351
Profit receivable	9,578	-	-	9,578
Other receivables	66	-	-	66
Receivable from the Management Company - net	224	-	-	224
Deposits and prepayments	22,345	-	-	22,345
Receivable against conversion of units	165,559	-	-	165,559
	<u>654,649</u>	<u>325,749</u>	<u>-</u>	<u>980,398</u>

Particulars	As at June 30, 2017		
	Financial liabilities measured at amortised cost	Liabilities 'at fair value through profit or loss'	Total
----- (Rupees in '000) -----			
<b>Financial liabilities</b>			
Payable to AKD Investment Management Limited - Management Company	-	5,540	5,540
Payable to Central Depository Company of Pakistan Limited - Trustee	-	153	153
Payable against purchase of securities	-	2,422	2,422
Accrued expenses and other liabilities	-	1,391	1,391
Payable against redemption of units	-	24,750	24,750
	<u>-</u>	<u>34,256</u>	<u>34,256</u>

## 20 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

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 the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 20.1.2 Yield / interest rate risk

Yield / Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

	Note	2018 ---- (Rupees in '000) ----	2017
<b>Variable rate instrument (financial assets)</b>			
- Bank balances	4	241,055	193,210
- Debt securities (Term Finance Certificates and Sukuk)	5.1.1 & 5.1.2	272,716	298,439
- Commercial Paper	5.3.2	46,512	-
		<b>560,283</b>	491,649
<b>Fixed rate instruments (financial assets)</b>			
- Government securities - Market Treasury Bills	5.1.3	99,422	24,923
- Term deposit receipts (TDRs)	5.3.1	74,000	258,503
		<b>173,422</b>	283,426

#### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.997 million (2017: Rs 4.916 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Fair value sensitivity analysis for fixed rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.01 million (2017: Rs 2.834 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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Yield rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

As at June 30, 2018						
Effective rate of mark-up / return	Exposed to yield / Interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
%	----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	4.5% to 7.75%	241,055	-	-	67	241,122
Investments	6.26% to 9.76%	219,934	-	272,716	62,535	555,185
Profit receivable		-	-	-	8,244	8,244
Other receivables		-	-	-	48	48
Deposits		-	-	-	13,362	13,362
Receivable against sale of securities		-	-	-	1,081	1,081
		<b>460,989</b>	<b>-</b>	<b>272,716</b>	<b>85,337</b>	<b>819,042</b>
<b>Financial Liabilities</b>						
Payable to AKD Investment Management Limited - Management Company		-	-	-	5,853	5,853
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	123	123
Payable against purchase of securities		-	-	-	62,661	62,661
Accrued expenses and other liabilities		-	-	-	6,815	6,815
Payable against redemption of units		-	-	-	11,394	11,394
Sub Total		-	-	-	<b>86,846</b>	<b>86,846</b>
<b>On-balance sheet gap (a)</b>		<b>460,989</b>	<b>-</b>	<b>272,716</b>	<b>(1,509)</b>	<b>732,196</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a + b)</b>		<b>460,989</b>	<b>-</b>	<b>272,716</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>460,989</b>	<b>460,989</b>	<b>733,705</b>		

As at June 30, 2017						
Effective rate of mark-up / return	Exposed to yield / Interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
%	----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	3.75% to 6.2%	193,210	-	-	65	193,275
Investments	5.99% to 9.50%	260,912	30,000	298,439	-	589,351
Profit receivable		-	-	-	9,578	9,578
Other receivables		-	-	-	66	66
Receivable from the Management Company		-	-	-	224	224
Deposits		-	-	-	22,345	22,345
Receivable against conversion of units		-	-	-	165,559	165,559
		<b>454,122</b>	<b>30,000</b>	<b>298,439</b>	<b>197,837</b>	<b>980,398</b>
<b>Financial Liabilities</b>						
Payable to AKD Investment Management Limited - Management Company		-	-	-	5,540	5,540
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	153	153
Payable against purchase of securities		-	-	-	2,422	2,422
Accrued expenses and other liabilities		-	-	-	1,391	1,391
Payable against redemption of units		-	-	-	24,750	24,750
Sub Total		-	-	-	<b>34,256</b>	<b>34,256</b>
<b>On-balance sheet gap (a)</b>		<b>454,122</b>	<b>30,000</b>	<b>298,439</b>	<b>163,581</b>	<b>946,142</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a + b)</b>		<b>454,122</b>	<b>30,000</b>	<b>298,439</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>454,122</b>	<b>484,122</b>	<b>782,561</b>		

## 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate 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 instruments traded in the market.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 3.127 million (2017: Rs. 0.119 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

## 20.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

### 20.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2018 and June 30, 2017 was as follows:

	2018		2017	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- (Rupees in '000) -----				
Bank balances	241,122	241,122	193,275	193,275
Investments	555,185	393,228	589,351	562,041
Profit receivable	8,244	8,244	9,578	9,578
Other receivables	48	48	66	66
Receivable from the Management Company - net	-	-	224	224
Deposits	13,362	13,362	22,345	22,345
Receivable against sale of securities	1,081	1,081	165,559	165,559
	<b>819,042</b>	<b>657,085</b>	<b>980,398</b>	<b>953,088</b>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in listed equity securities and government securities of Rs 161.957 million (2017: Rs 27.310 million) is not exposed to credit risk.

### 20.2.2 Bank balances

The Fund held bank balances at June 30, 2018 and June 30, 2017 with banks having following credit ratings:

Rating	2018		2017	
	Rupees in '000	%	Rupees in '000	%
AA+	63,173	26.20%	60,168	31.13%
A-	1,074	0.45%	100,131	51.81%
AA-	30,310	12.57%	1,505	0.78%
A	146,291	60.67%	1,076	0.56%
A+	44	0.02%	30,026	15.54%
AA	66	0.03%	72	0.04%
BBB+	64	0.02%	297	0.14%
AAA	100	0.04%	-	0.00%
	<b>241,122</b>	<b>100.00%</b>	<b>193,275</b>	<b>100.00%</b>

Above ratings are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2018.

## 20.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Details of the Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2018		2017	
	Rupees in '000	%	Rupees in '000	%
Commercial banks (including profit receivable and Term Finance Certificates)	593,024	97.80%	696,708	89.08%
Insurance company - Sukuk Certificates	-	-	63,087	8.07%
National Clearing Company of Pakistan Limited (deposits)	13,262	2.19%	22,245	2.84%
Central Depository Company of Pakistan Limited (security deposit)	100	0.02%	100	0.01%
	<b>606,386</b>	<b>100%</b>	<b>782,140</b>	<b>100%</b>

All financial assets of the Fund as at June 30, 2018 are unsecured and are not impaired, except those disclosed in note 5.3.3 to these financial statements.

## 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

As per the NBFC Regulations, the Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also 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. The Fund did not withhold any redemptions during the year.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

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Particulars	As at June 30, 2018				
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- (Rupees in '000) -----					
<b>Financial assets</b>					
Bank balances	241,122	-	-	-	241,122
Investments	62,535	219,934	-	272,716	555,185
Profit receivable	-	8,244	-	-	8,244
Other receivables	-	48	-	-	48
Deposits	-	-	-	13,362	13,362
Receivable against sale of securities	1,081	-	-	-	1,081
	<b>304,738</b>	<b>228,226</b>	<b>-</b>	<b>286,078</b>	<b>819,042</b>
<b>Financial liabilities</b>					
Payable to AKD Investment Management Limited - Management Company	5,853	-	-	-	5,853
Payable to Central Depository Company of Pakistan Limited -Trustee	123	-	-	-	123
Payable against purchase of securities	62,661	-	-	-	62,661
Accrued expenses and other liabilities	6,108	707	-	-	6,815
Payable against redemption of units	11,394	-	-	-	11,394
	<b>86,139</b>	<b>707</b>	<b>-</b>	<b>-</b>	<b>86,846</b>
<b>Net assets</b>	<b>218,599</b>	<b>227,519</b>	<b>-</b>	<b>286,078</b>	<b>732,196</b>

Particulars	As at June 30, 2017				
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- (Rupees in '000) -----					
<b>Financial assets</b>					
Bank balances	193,275	-	-	-	193,275
Investments	62,409	198,503	30,000	298,439	589,351
Profit receivable	-	6,362	3,216	-	9,578
Other receivables	-	66	-	-	66
Receivable from the Management Company - net	224	-	-	-	224
Deposits and prepayments	-	-	-	22,345	22,345
Receivable against conversion of units	165,559	-	-	-	165,559
	<b>421,467</b>	<b>204,931</b>	<b>33,216</b>	<b>320,784</b>	<b>980,398</b>
<b>Financial liabilities</b>					
Payable to AKD Investment Management Limited - Management Company	5,540	-	-	-	5,540
Payable to Central Depository Company of Pakistan Limited -Trustee	153	-	-	-	153
Payable against purchase of securities	2,422	-	-	-	2,422
Accrued expenses and other liabilities	-	1,391	-	-	1,391
Payable against redemption of units	24,750	-	-	-	24,750
	<b>32,865</b>	<b>1,391</b>	<b>-</b>	<b>-</b>	<b>34,256</b>
<b>Net assets</b>	<b>388,602</b>	<b>203,540</b>	<b>33,216</b>	<b>320,784</b>	<b>946,142</b>

## 21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2.5 to these financial statements.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2018 and June 30, 2017, the Fund held the following assets measured at fair values:

		June 30, 2018			
		Level 1	Level 2	Level 3	Total
<b>At fair value through profit or loss - held for trading</b>					
------(Rupees in '000)-----					
- Debt securities - Term Finance Certificates	-		272,716	-	272,716
- Government securities - Market Treasury Bills	-		99,422	-	99,422
- Listed equity securities	62,535		-	-	62,535
		-----			
		June 30, 2017			
		Level 1	Level 2	Level 3	Total
<b>At fair value through profit or loss - held for trading</b>					
------(Rupees in '000)-----					
- Debt securities - Term Finance Certificates	-		235,352	-	235,352
- Debt securities - sukuk Certificate	-		63,087	-	63,087
- Government securities - Market Treasury Bills	-		24,923	-	24,923
- Listed equity securities	2,387		-	-	2,387

## 22 Unit holders' fund risk management

The Fund'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, to maintain a strong base of assets to meet unexpected losses or opportunities and to ensure reasonable safety of capital. 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.

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs.100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

## 23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

### 23.1 Details of members of the investment committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Imran Motiwala	Chief Executive Officer	BBA	24
2	Mr. Muhammad Yaqoob	Chief Operating Officer and Company Secretary	MBA, CFA	14
3	Ms. Anum Dhedhi	Chief Investment Officer	BSc	7
4	Mr. Nadeem Saulat Siddiqi	Director Corporate Sales	MBA	25
5	Mr. Abdul Rehman	Fund Manager	BBA	3
6	Ms. Laraiib Mohib	Fund Manager	BBA	4
7	Mr. Asad Uz-Zafar	Risk Manager	ACCA	5
8	Mr. Muhammad Waqas	Investment Analyst	ACCA	3
9	Mr. Ambrat Khemani	Investment Analyst	MBA	3

**23.2** Mr. Abdul Rehman is also the Fund manager of AKD Cash Fund.

**24 TRANSACTIONS WITH BROKERS / DEALERS**

List of brokers by percentage of commission charged during the year ended June 30, 2018.

S. No.	Particulars	Percentage
1	Next Capital Limited	49%
2	Vector Securities (Private) Limited	37%
3	Intermarket Securities Limited	8%
4	Arif Habib Limited	3%
5	Vector Capital (Pvt.) Limited	2%
6	First Capital Equities Limited	1%

List of brokers by percentage of commission charged during the year ended June 30, 2017.

S. No.	Particulars	Percentage
1	Next Capital Limited	25%
2	AKD Securities (Private) Limited	13%
3	Vector Securities (Private) Limited	13%
4	Time Securities (Private) Limited	13%
5	Intermarket Securities Limited	12%
6	Topline Securities (Private) Limited	11%
7	BIPL Securities Limited	5%
8	M.R.A. Securities (Private) Limited	5%
9	Pearl Securities (Private) Limited	2%
10	Arif Habib Limited	1%

**25 PATTERN OF UNIT HOLDINGS**

Individuals  
 Corporates  
 Banks and development financial institutions (DFIs)  
 Insurance companies  
 Retirement funds  
 Others

**As at June 30, 2018**

	Number of unit holders	Investment amount	Percentage of investment
		Rupees in 000	%
Individuals	112	73,320	10.06%
Corporates	2	10,660	1.46%
Banks and development financial institutions (DFIs)	2	7,711	1.06%
Insurance companies	2	112,030	15.37%
Retirement funds	6	514,019	70.52%
Others	2	11,124	1.53%
	<b>126</b>	<b>728,864</b>	<b>100.00%</b>

**As at June 30, 2017**

Individuals  
 Public Limited Companies  
 Banks and development financial institutions (DFIs)  
 Insurance companies  
 Retirement funds  
 Others

	Number of unit holders	Investment amount	Percentage of investment
		Rupees in 000	%
Individuals	69	105,043	11.24%
Public Limited Companies	2	14,425	1.54%
Banks and development financial institutions (DFIs)	1	583	0.06%
Insurance companies	2	245,962	26.32%
Retirement funds	16	547,678	58.60%
Others	3	20,958	2.24%
	<b>93</b>	<b>934,649</b>	<b>100.00%</b>

**26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS**

During the year 72th, 73rd, 74th and 75th board meetings were held on September 29, 2017, October 28, 2017, February 23, 2018 and April 27, 2018 respectively. Information in respect of attendance by Directors in these meetings is given below

Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
Mr. Abdul Karim	4	4	-	-
Mr. Imran Motiwala	4	4	-	-
Mr. Ali Wahab Siddiqui	4	4	-	-
Ms. Anum Dhedhi	4	4	-	-
Ms. Aysha Ahmed	4	4	-	-
Mr. Hasan Ahmed	4	4	-	-
Mr. Saim Mustafa Zuberi	4	3	1	73rd

**27 GENERAL**

**27.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements during the current period.

**27.2** Figures have been rounded off to the nearest thousand Rupees.

**28 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD**

The Board of Directors of the Management Company declared distribution (including refund of element) on July 06, 2018 of Rs 2.2 per unit (2017: Rs Nil per unit) on the face value of Rs 50 each amounting to Rs 29.949 million (2017: Rs Nil). The financial statements of the Fund for the year ended June 30, 2018 do not include the effect of these distributions which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

**29 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue on September 28, 2018 by the Board of Directors of the Management Company.

**For AKD Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
**Abdul Karim**  
Chairman

\_\_\_\_\_  
**Muhammad Munir**  
Chief Financial Officer

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

**PERFORMANCE TABLE**

	2018	2017	2016	2015	2014	2013	2012
Total net assets value (Rs '000)*	722,589	934,649	841,320	536,274	470,632	483,823	419,872
Net assets value per unit - (Rs)*	51.3418	51.6902	51.6527	50.2841	47.4264	47.4121	47.2246
Selling price as at June 30 (Rs)*	51.8773	52.2071	52.1693	50.7870	47.9007	47.9153	47.7419
Repurchase price as at June 30 (Rs)*	51.3418	51.6901	51.6527	50.2841	47.4264	47.4121	47.2246
Highest selling price (Rs)	54.0893	55.5129	55.6510	56.7720	50.4638	50.8153	52.2419
Lowest selling price (Rs)	52.2205	52.1743	50.7141	47.8956	47.8910	47.0096	47.4844
Highest repurchase price (Rs)	53.5537	54.9631	55.0999	56.2098	49.9641	50.3121	51.7245
Lowest repurchase price (Rs)	51.7034	51.6576	50.2119	47.4213	47.4167	46.5441	47.0142
<b>Return of the Fund</b>							
- capital growth (Rs '000)	(212,060)	93,329	305,046	65,642	(16,885)	60,567	13,259
- income distribution (including refund of capital) (Rs '000)*	29,949	41,783	39,989	44,258	24,154	28,101	37,145
<b>Distribution per unit</b>							
Interim							
- Gross (2017: announced on June 22, 2017)							
- Gross (2016: announced on June 24, 2016)							
- Gross (2015: announced on June 26, 2015)							
- Gross (2014: announced on June 26, 2014)							
(2009: announced on October 17, 2008, 2008: announced on April 7, 2008) (Rs)	-	3.29	3.50	4.50	2.55	-	-
Final							
- Gross (2018: Announced on July 6, 2018)							
(2013: announced on July 8, 2013, 2012: announced on July 9, 2012)							
(2011: announced on July 8, 2011, 2010: announced on July 8, 2010)							
(2008: announced on July 7, 2008, 2007: announced on July 11, 2007) (Rs)	2.20	-	-	-	-	2.90	4.50
----- Percentage -----							
<b>Average Annual Return</b>							
- Last one year	3.58	6.45	9.66	15.51	5.41	6.54	10.46
- Last two years	4.81	7.89	12.24	9.16	5.95	8.27	11.01
- Last three years	6.07	9.89	9.32	8.19	7.18	9.25	10.30
- Last four years	7.67	8.50	8.53	8.70	8.09	9.19	4.88
- Last five years	7.15	8.07	8.89	9.22	8.27	5.21	5.78
----- No. of days -----							
Weighted Average Portfolio Duration	617	792	223	1,132	1,192	176	62

\* Final distributions for the year made subsequent to the year end have been adjusted against the closing NAVs.

Note: The portfolio composition of the fund has been disclosed in note 5 to the financial statements.

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

## مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

AKD انویسٹمنٹ مینجمنٹ لمیٹڈ (AKDIML)، مینجمنٹ کمپنی برائے AKD اپرچونٹی فنڈ (AKDOF)، AKD انڈیکس ٹریڈر فنڈ (AKDITF)، AKD کیش فنڈ (AKDCF)، AKD اگریسیو انکم فنڈ (AKDAIF)، AKD اسلامک اسٹاک فنڈ (AKDISSF) اور AKD اسلامک انکم فنڈ (AKDISIF) کے بورڈ آف ڈائریکٹرز 30 جون 2018 کو اختتام پذیر سال پر سالانہ رپورٹ بمع تمام فنڈز کی محتسب شدہ (audited) مالیاتی دستاویزات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

فنڈز کی مالیاتی کارکردگی

### AKD اپرچونٹی فنڈ (AKDOF)

سال 2018 میں AKD اپرچونٹی فنڈ کا منافع بیچ مارک KSE-100 کے منفی 9.99 فیصد منافع کے مقابلے میں منفی 13.51 فیصد رہا۔

### AKD انڈیکس ٹریڈر فنڈ (AKDITF)

سال 2018 میں بیچ مارک KSE-100 انڈیکس کی آمدنی منفی 9.99 فیصد کے مقابلے میں AKD انڈیکس ٹریڈر فنڈ (AKDITF) کی آمدنی منفی 11.55 فیصد رہی۔ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 06 جولائی 2018 کو 10 روپے کی فیس ویلیو کے ہر یونٹ پر 0.50809 روپے فی یونٹ کی تقسیم (بشمول ری-فنڈ کا عنصر) کا اعلان کیا ہے جس کی مالیت 16.250 ملین روپے بنتی ہے۔ 30 جون 2018 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں اس تقسیم کے اثرات شامل نہیں کئے گئے ہیں جو 30 جون 2019 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں پیش ہوں گے۔

### AKD کیش فنڈ (AKDCF)

سال 2018 میں 5.35 فیصد بیچ مارک کے مقابلے میں AKD کیش فنڈ (AKDCF) کی آمدنی 4.69 فیصد رہی۔ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 06 جولائی 2018 کو 50 روپے کی فیس ویلیو کے ہر یونٹ پر 2.3165 روپے فی یونٹ کی تقسیم (بشمول ری-فنڈ کا عنصر) کا اعلان کیا ہے جس کی مالیت 7.189 ملین روپے بنتی ہے۔ 30 جون 2018 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں اس تقسیم کے اثرات شامل نہیں کئے گئے ہیں جو 30 جون 2019 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں پیش ہوں گے۔

### AKD اگریسیو انکم فنڈ (AKDAIF)

سال 2018 میں 6.69 فیصد بیچ مارک کے مقابلے میں AKD اگریسیو انکم فنڈ (AKDAIF) کی آمدنی 3.58 فیصد رہی۔ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 06 جولائی 2018 کو 50 روپے کی فیس ویلیو کے ہر یونٹ پر 2.2 روپے فی یونٹ کی تقسیم (بشمول ری-فنڈ کا عنصر) کا اعلان کیا ہے جس کی مالیت 29.949 ملین روپے بنتی ہے۔ 30 جون 2018 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں اس تقسیم کے اثرات شامل نہیں کئے گئے ہیں جو 30 جون 2019 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں پیش ہوں گے۔

### AKD اسلامک اسٹاک فنڈ (AKDISSF)

سال 2018 میں بیچ مارک KMI-30 انڈیکس کی آمدنی منفی 1.81 فیصد کے مقابلے میں AKD اسلامک اسٹاک فنڈ (AKD اسلامک اسٹاک فنڈ کو 20 فروری 2018 کو لانچ کیا گیا) کی آمدنی منفی 6.00 فیصد رہی۔

سال 2018 میں 2.41 فیصد شیئ مارک کے مقابلے میں AKD اسلامک انکم فنڈ (AKD) اسلامک انکم فنڈ کو 20 فروری 2018 کو لانچ کیا گیا) کی سالانہ آمدنی 4.42 فیصد رہی۔

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز 06 جولائی 2018 کو 50 روپے کی فیس ویلیو کے ہریونٹ پر 0.78101 روپے فی یونٹ کی تقسیم (بشمول ری-فنڈ کا عنصر) کا اعلان کیا ہے جس کی مالیت 3.5427 ملین روپے بنتی ہے۔ 30 جون 2018 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں اس تقسیم کے اثرات شامل نہیں کئے گئے ہیں جو 30 جون 2019 کو اختتام پذیر سال پر فنڈ کی مالیاتی دستاویزات میں پیش ہوں گے۔

### وسیع پس منظر

پاکستان کی حقیقی قومی مجموعی پیداوار (GDP) نے بلندی کا سفر جاری رکھا اور سال 2107 کی 5.3 فیصد کے مقابلے میں 13 سالوں کی 5.8 فیصد کی بلند ترین نمود کھائی۔ ترقی کی وجہ متاثر کن نئی شعبے کی قرضوں کی کارکردگی، زرعی پیداوار میں بہتری، نمایاں صنعت پیداوار اور خدمات کی نمو، برآمدات کی بحالی، کم ترین پالیسی نرخ، غیر ملکی براہ راست سرمایہ کاری (FDI) میں اضافہ اور اندرونی ترسیل زر میں اضافہ، متعدد شعبوں کو توانائی کی فراہمی میں بہتری اور بلند تر بڑے پیمانے کی صنعتی پیداواری ادارے (LSM) میں نمو ہیں۔ اسی کے ساتھ ساتھ چین پاکستان اقتصادی راہداری (CPEC) منصوبہ کی ترقی، امن و امان کی بہتر ہوتی ہوئی صورتحال اور افراط زر کو قابو رکھنے نے ترقی کی رفتار میں اضافہ کر دیا۔ بڑے پیمانے کے صنعتی پیداواری سیکٹر کا کل پیداوار میں 80 فیصد کا حصہ اور مجموعی قومی پیداوار میں 11 فیصد جس نے مئی۔ جولائی 2018 میں 6 فیصد کی نمود کھائی جبکہ گذشتہ سال اسی مدت میں یہ 5.6 فیصد تھی۔ یہ خاص طور پر الیکٹرانکس (36 فیصد)، لوہا اور اسٹیل کی مصنوعات (22.02 فیصد)، گاڑیوں میں (18.03 فیصد) اور کھانسی اور پیٹریولیم کی مصنوعات میں (13.53 فیصد) کی ترقی کی وجہ سے ہوا۔

سال 2018 میں زرعی شعبے کی کارکردگی غیر معمولی تھی جس نے نمو کے 3.5 فیصد کے ہدف کے مقابلے میں 3.81 فیصد نمو حاصل کی۔ یہ اہم ترقی بلند تر پیداواری نتائج (yields)، پرکشش پیداواری قیمتیں، گورنمنٹ کی معاون پالیسیاں اور بروقت زرعی خام مال (inputs) بشمول کھاد اور کیڑے مار دوا کی دستیابی کی وجہ سے حاصل ہوئیں۔ اس کے برخلاف، سال 2018 میں خدمات کے سیکٹر نے سال بہ سال کی 7 فیصد کی مایوس کن منفی نمود کھائی۔

سال 2018 کے دوران، صارف کی قیمتوں کا انڈیکس (CPI) 3.92 فیصد رہا اس کے مقابلے میں سال 2017 یہ 4.16 فیصد تھی۔ CPI بینک دولت پاکستان کے سالانہ ہدف سے بہت کم رہا۔ تاہم زمینی حقائق تیزی سے تبدیل ہو رہے ہیں جیسا کہ کرنسی کی قدر میں کمی (سال 2018 میں تقریباً 6 فیصد) کے مقابلے میں جون 2018 کے لیے بڑھتا ہوا شاہ سرخیوں اور بنیادی افراط زر بالترتیب 5.2 فیصد اور 7.1 فیصد (سال بہ سال) رہا۔ اس لیے بینک دولت پاکستان نے اپنے جولائی 2018 کے مالی پالیسی کے بیان میں پالیسی نرخ میں 100bps کے اضافے سے برہا کر 7.5 فیصد کر دیا تاکہ معیشت میں زیادہ خرابی کو روکا جائے۔

SBP کے مطابق، سال 2018 میں جاری کھاتے کا خسارہ (عارضی) 17.99 ارب امریکی ڈالر (مجموع قومی پیداوار کا 5.74 فیصد) رہا جبکہ گذشتہ سال اسی مدت میں یہ 12.62 ارب امریکی ڈالر (مجموع قومی پیداوار کا 4.14 فیصد) تھا۔ یہ خاصہ اضافے کی وجہ برآمدات میں نمو، سال بہ سال 14.7 فیصد، جامد برآمدات میں سال بہ سال 12.6 فیصد، اور بہت بری اندرونی ترسیل زر میں سال بہ سال 1.41 فیصد ہیں۔

مالیاتی محاذ پر، فیڈرل بورڈ آف ریونیو (FBR) نے سال 2018 میں کل محصول کی مال گذاری (revenue) 3.84 کھرب روپے کی لیکن وہ اپنے ترمیم شدہ 3.93 کھرب کا ہدف حاصل کرنے میں ناکام رہا۔ بہت زیادہ شور مچائی ہوئی پاکستانیوں کے ملکی اور غیر ملکی خفیہ اثاثہ جات کے لیے اعلان کردہ ٹیکس ایمنسٹی اسکیم سے کل حاصل ہونے والی مال گذاری 120 ارب روپے رہی جس میں توقعات سے بہت کم 97 ارب روپے سال 2018 میں جمع ہوئے۔

سال 2018-2019 کا وفاقی بجٹ نے متعدد سیکٹرز، بنیادی طور پر آٹو، سینٹ اور ریل اسٹیٹ کے لیے پالیسیاں متعارف کروائیں۔ ٹیکس کے نان فائلرز پر نئی گاڑیوں کی خریداری پر پابندی نے آٹو کی صنعت کو بری طرح سے متاثر کیا کیونکہ اکثریت اسی کیٹیگری میں آتی ہے۔ علاوہ ازیں، ریل اسٹیٹ کو ٹیکس کے نان فائلرز پر 5 بلین سے زیادہ کے مالیت کے مکان کی خریداری پر پابندی لگانے سے بڑا دھچکا لگا۔ دوسری جانب، ان اقدامات سے توقع ہے کہ طویل مدت میں محصول کی وصولی میں اضافہ ہوگا جس ملک کی محصول کی بنیاد میں بہتری آئے گی۔ اس کے علاوہ، بجٹ 18-19 کے وفاقی بجٹ میں محدود مالیاتی گنجائش کی وجہ سے PSDP میں اعلان کردہ کٹوتی سے توقع ہے کہ وہ

معیشت میں مجموعی طلب کو کم کر دے گی خاص طور پر سیمنٹ اور اسٹیل کے سیکٹرز میں۔

آگے بڑھتے ہوئے، سال 2019 میں توقع ہے کہ زرعی سیکٹر اپنے ہدف سے کم رہے گا جس کی وجہ بڑھتی ہوئی پانی کی ہنگامی صورتحال ہے جو امکانی طور زرعی پیداوار میں رکاوٹ ڈالے جبکہ توقع ہے کہ صنعتی پیداواری سیکٹر متوازن رہے گا جس کی وجہ اس کی بلند بنیاد کے اثرات ہیں، جاری مالیاتی سختی اور کچھ سیکٹرز کے مخصوص معاملات ہیں۔ نتیجے میں SBP کو توقع ہے کہ GDP کی نمو تقریباً 5.5 فیصد رہے گی جبکہ اس کا سالانہ ہدف 6.2 فیصد ہے۔ روپے کی قدر میں کمی درآمدات مہنگی ہو جائیں گی اور برآمدات عالمی طور پر مسابقتی ہو جائیں گے، اس طرح سے جاری کھاتے پر دباؤ میں کمی آئے۔ مزید یہ کہ IMF کی جانب سے ممکنہ بیل آؤٹ پیکیج، دیگر ملکوں سے مالی امداد (چین، سعودی عرب)، اور PTI کی حکومت کی حمایت میں متوقع ترسیل زر میں سمندر پار پاکستانیوں کی جانب سے اضافے سے بیرونی کھاتے میں متوقع مدد فراہم کرے۔ CPEC میں سرمایہ کاری پاکستان میں سرمایہ کاری لانے میں ایک بڑا اہم کردار ادا کرنا جاری رکھے گا جو جلد ابتر ہوتے ہوئے بیرونی کھاتے کی معانت کرے گا۔ ہمارے خیال میں کسی بھی قسم کی بیرونی محاذ پر مزید ابتری (تیل کی قیمتوں میں اضافہ، جامد ترسیل زر، خراب تر ہوتا ہوا تجارتی توازن) سے روپے-امریکی ڈالر کی مبادلہ کی مساوات کو بڑا خطرہ ہے۔ علاوہ ازیں، توانائی کے سیکٹرز میں گردش قرضے کی صورتحال دوبارہ خطرے کے نشان کی سطح پر پہنچ گئی ہے اور اس میں اضافے کو روکنے کے لیے سخت اقدامات کی ضرورت ہے۔ تاہم، محدود مالیاتی گنجائش میں، کوئی ایک تصفیہ ہوتا ہوا نظر نہیں آ رہا۔ بڑی کارکردگی کے لیے مجموعی طور پر PTI گورنمنٹ کی معاشی پالیسیوں کی وضاحت اہم کردار ادا کرے گی۔

### اکویٹی (Equity) مارکیٹ کا جائزہ

سال 2018 کے دوران KSE-100 انڈیکس نے سال کا آغاز 46,565 پونٹس اور سال کا اختتام 41,911 پونٹس پر ہوا اور KSE-100 انڈیکس نے 9.99 فیصد کی کمی دکھائی۔ یہ کمی زیادہ تر سرمایہ کاروں کے لڑکھڑاتے ہوئے اعتماد سے منسوب کی جاسکتی ہے جو انتخابی سال میں سیاسی غیر یقینی سے نکلتا ہے، بڑھتے ہوئے معاشی خدشات (BOP، کرنسی کی حرکت) جس نے SBP کے پاس موجود غیر ملکی زرمبادلہ کے ذخائر 10 ارب امریکی ڈالر سے نیچے گرا دیا (دوماہ کی درآمدات کا احاطہ)۔ موڈی نے پاکستان کی آؤٹ لک کا درجہ کم کر کے منفی اور ابھرتی ہوئی منڈی سے مسلسل غیر ملکی فروخت (289 ملین امریکی ڈالر) جس کا نتیجہ، زیر غور مدت میں تجارتی حجم بھی گر گیا۔

سیکٹرز کے لیے مخصوص واقعات نے ملکیتی سرمائے کی منڈی کی کارکردگی میں اہم کردار ادا کیا۔ سیمینٹ سیکٹر (KSE 100 انڈیکس کا وزن 8 فیصد) میں کمی (41.3 فیصد کم) نے وسطی مدت میں زیادہ استعداد کے بارے میں خدشات بڑھادیے ہیں اور اس بات کا اشارہ ہے قیمت کی جنگ تیز ہو جائے گی۔ علاوہ ازیں، سودی نرخ میں اضافہ (سال 2018 میں 75bps) ناکام تھا کہ بڑے بینکوں (KSE 100 انڈیکس وزن 24 فیصد) کو آمادہ کرے کہ کم ہوتی ہوئی انڈیکس کی مدد کرے اور جس نے منفی طور پر آؤٹ سیکٹر (KSE 100 انڈیکس وزن 4 فیصد) کو متاثر کیا۔ اس کے برخلاف، سال میں تیل کی بحال ہوتی ہوئی قیمتیں اور روپے کی قدر میں کمی (16 فیصد) کے پس منظر میں E&P (KSE 100 انڈیکس وزن 15 فیصد) اور کیمیکل سیکٹر (KSE 100 انڈیکس وزن 2 فیصد) جو اشارہ کارکردگی دکھانے والے سیکٹرز تھے۔

آگے بڑھتے ہوئے، ہمارا خیال ہے کہ نئی PTI کی حکومت لیے بہت سخت اور بے مثل معاشی اصلاحات کرنے کی ضرورت ہے۔ سادگی کے اقدامات (PSDP میں کٹوتی، غیر پیداوار یا خراجات) بدعنوانی کے لیے سخت اقدامات کا تقاضہ ہے کہ بلا تفریق وسیع تر احتساب ہے، ٹیکس کی بنیاد میں توسیع کرنے کے لیے بنیادی کوششیں اور بنیادی مسائل (صحت، تعلیم، انصاف اور بے روزگاری) کو حل کرنے پر توجہ کا ہونا یہ طے کرے گا کہ ملکیتی سرمائے (equity) کی منڈی کی سمت اور معیشت کی کارکردگی کا تعین کریں گی۔ اس کے علاوہ، سیکٹرز کے مخصوص پالیسیاں بشمول سیمنٹ (Dam, PSDP)، آؤٹ (سودی نرخ، آؤٹ کے لیے پالیسی)، کھاد (اعانت، گیس کی قیمتیں) اور اسٹیل اور دیگر منڈی کے لہجہ کا تعین کرے گا۔ غیر ملکی میں لوٹی ہوئی دولت کی واپسی اور سمندر پار پاکستانیوں کا کردار آنے والی حکومت کی پالیسیوں کا اہم جز ہوگا۔

موجودہ KSE-100 کی تجارت فارورڈ PE کے  $x \sim 7.57$  کے ساتھ 6.60 فیصد منقسمہ منافع پر ہو رہی ہے، جو MSCL ابھرتی ہوئی منڈی انڈیکس اور علاقائی معیشتوں کے مقابلے میں خاصی رعایتی پیش کرتی ہے۔

### مستقبل کا منظر نامہ

مجموعی طور پر ہم سمجھتے ہیں کہ سال 2019 میں معیشت کا منظر نامہ چیلنجنگ رہے گا۔ توقع ہے کہ CPEC کی سرگرمیوں کے بڑھنے سے حقیقی نمو اپنی رفتار برقرار رکھے گی جبکہ روپے

کی قدر میں کمی کی وجہ سے اوسط افراط زر اپنے ہدف سے زیادہ رہے گا۔ امکانی طور پر نئی گورنمنٹ کے لیے ایک بڑا مسئلہ IMF پروگرام کی کڑی شرائط کے ساتھ معاملہ ہوگا۔ جاری کھاتے کا خسارہ ایک سنگین معاملہ ہے اور یہ فوری تدارک کے اقدامات کا تقاضہ کرتا ہے تاکہ غیر ملکی زرمبادلہ کی ترسیل میں اضافے سے بے نتیجہ درآمدت کو قابو کریں۔ اہم خطرہ کسی بھی بین الاقوامی تیل کی قیمتوں میں اضافے اور جامد برآمدات سے ہو سکتا ہے۔

تیل کی عالمی قیمتوں میں اضافہ اور جامد برآمدات سے اہم خطرات پیدا ہو سکتے ہیں۔

پاکستانی عوام بشمول سمندر پار پاکستانیوں نے PTI کی حکومت کی ترسیل زر میں اضافے کی کوششوں کو سراہا ہے۔ حکومت کی جانب سے جو اعلان کردہ انقلابی اقدامات کئے جا رہے ہیں ان سے آنے والی حکومت ان اقدامات کے معیشت پر پڑنے والے بڑے اثرات ابھی دیکھنا باقی ہیں۔

### زر کی منڈی کا جائزہ

سال 2018 کے دوران، بینک دولت پاکستان (SBP) نے T-26 بلز کی نیلامی کی جس سے گورنمنٹ 17.29 کھرب روپے کا انتظام کر سکی۔ اس مدت کے دوران T بلز کی 6،3 اور 12 ماہ کی وزنی اوسط آمدنی (weighted average yield) بالترتیب 5.98 فیصد، 6.13 فیصد اور 6.04 فیصد تھیں جو زیادہ تھیں گذشتہ سال اسی مدت کی 5.92 فیصد، 5.94 فیصد اور 5.95 فیصد کی وزنی اوسط آمدنی سے۔

سال 2017 میں SBP نے 12 کی PIBs کی نیلامیاں کیں جس سے 101.73 ارب روپے کا اضافہ کر پائی۔ PIBs کی نیلامیوں پر 3،5 اور 10 سالوں پر تکمیلی مدت پر وزنی اوسط آمدنی (weighted average yield) گذشتہ سال اسی مدت کی بالترتیب 6.30 فیصد، 6.81 فیصد اور 7.87 فیصد کے مقابلے میں بڑھ کر 7.06 فیصد، 7.86 فیصد اور 8.40 فیصد رہیں۔

کل ملکی قرضوں کا 31 فیصد قلیل المدت T بلز جبکہ 20 فیصد طویل المدت sPIB پر مشتمل ہے۔ اس قرضے کی پروفائٹنگ آنے والے وقت میں بڑھتے ہوئے سودی نرخ کا منظر نامہ کی صورتحال پیش کرتی ہے۔ اس قرضے کی انتظامی حکمت عملی نے حکومت کے لیے دوبارہ فنانسنگ کے خطرے کو بڑھا چکی ہے جس کی وجہ سے پوری پروفائل کا گھٹنا ہے۔

گورنمنٹ جولائی 2018 میں مالیاتی پالیسی کا بیان جاری کیا، جہاں کمیٹی نے فیصلہ کیا کہ بین الاقوامی تیل اور اجناس کی قیمتوں میں واپس اضافے کے پس منظر میں پالیسی نرخ، 100 بیس پوائنٹس کے اضافے، سے بڑھ کر 7.5 فیصد بڑھا دیا تاکہ ملکی طلب کے ساتھ ساتھ مبادلہ نرخ میں حرکت کے دباؤ میں کمی لٹی جاسکے۔ سال 2018 کی 01 جولائی تا 31 مارچ کے دوران براڈ مونی (Broad Money) (M2) کے حجم میں 770.9 ارب روپے (نمو 5.29 فیصد) اضافہ ہوا اس کے مقابلے میں گذشتہ سال اسی مدت میں حجم میں 756.1 ارب روپے کا اضافہ (نمو 5.99 فیصد) تھا۔ اسی طرح سے، سال 2018 کی 01 جولائی تا 31 مارچ میں ذخائر کی کمی کی نمو 5.6 فیصد رہی جبکہ گذشتہ سال اسی مدت میں یہ 7.9 فیصد تھی۔

### اداراتی اور مالیاتی رپورٹنگ ڈھانچے کا بیان

(a) فنڈز کی انتظامی کمپنی کے تیار کردہ مالیاتی گوشوارے فنڈز کے معاملات کی صورتحال، عملی امور کے نتائج، کیش فلوا اور فنڈز کی اکائی رکھنے والوں کی نقل و حرکت بہتر طور پر پیش کرتے ہیں۔

(b) کمپنی نے موزوں کھاتوں کی کتابیں (Books of Accounts) قائم رکھی ہوئی ہیں۔

(c) مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب عملی یکساں طور پر اپنائی گئی ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط پر رکھی ہے۔

(d) پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی دستاویزات تیار کئے گئے ہیں اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔

- (e) اندرونی کنٹرول کا نظام کا ڈیزائن مضبوط ہے اور اسکی موثر نفاذ اور نگرانی کی گئی ہے۔
- (f) فنڈز کی ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- (g) لسٹنگ ضوابط میں اداراتی نظم و ضبط کی دی گئی تفصیلات کی بہترین مشقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- (h) محصولات، ڈیویڈنڈ، لیویز اور اخراجات، اگر کوئی ہے تو، کی مد میں دستوری ادائیگیوں کے بقایا جات کو مالیاتی دستاویزات میں پوری طرح ظاہر کیا گیا ہے۔
- (i) ڈائریکٹرز کی بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹیوں کے اجلاسوں میں حاضری کا بیان درج ذیل ہے:

بورڈ اجلاس						ڈائریکٹر کا نام
رخصت	شرکت کی	27 اپریل 18	23 فروری 18	28 اکتوبر 17	29 ستمبر 17	
0	4	✓	✓	✓	✓	1 جناب عبدالکریم
0	4	✓	✓	✓	✓	2 جناب عمران موتی والا
0	4	✓	✓	✓	✓	3 محترمہ انعم ڈھیڈی
1	3	✓	✓	X	✓	4 جناب صائم مصطفیٰ زبیری
0	4	✓	✓	✓	✓	5 جناب علی وہاب صدیقی
0	4	✓	✓	✓	✓	6 جناب حسن احمد
0	4	✓	✓	✓	✓	7 محترمہ عائشہ احمد

آڈٹ کمیٹی اجلاس						ڈائریکٹر کا نام
رخصت	شرکت کی	27 اپریل 18	23 فروری 18	28 اکتوبر 17	29 ستمبر 17	
0	4	✓	✓	✓	✓	1 جناب علی وہاب صدیقی
0	4	✓	✓	✓	✓	2 جناب حسن احمد
1	3	✓	✓	X	✓	3 جناب صائم مصطفیٰ زبیری

- (a) مینجمنٹ کمپنی کے ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے شرکاء حیات اور ان کے نابالغ بچوں نے حصص کی کوئی خرید و فروخت نہیں کی ہے ماسوائے درج ذیل اور مالیاتی دستاویزات میں ظاہر کیا گیا ہے:

سودا کنندہ	عہدہ	سرمایہ کاری (اکائیوں کی تعداد)	مطلانی (اکائیوں کی تعداد)
<b>AKD اپر چوٹی فنڈ (AKDOF)</b>			
1 جناب عمران موتی والا	CEO	16,127.0264	-
2 محترمہ انعم ڈھیڈی	ڈائریکٹر اور CIO	8,481.7292	(43,020.1033)
3 جناب محمد یعقوب	COO اور کمپنی سیکریٹری	2,120.4323	-
<b>AKD اپر چوٹی فنڈ (AKDOF)</b>			
1 محترمہ سحر عمران موتی والا	CEO کی شریک حیات	32,257.9757	
2 جناب مرتضیٰ وہاب صدیقی	ڈائریکٹر کے شریک حیات	22,699.2413	
<b>AKD کیش فنڈ (AKDCF)</b>			
1 جناب حسن احمد	ڈائریکٹر	113.5383	
<b>AKD اسلامک فنڈ (AKDISIF)</b>			
1 جناب محمد منیر	CFO	6,756.4094	
2 جناب محمد یعقوب	کمپنی سیکریٹری اور COO	15,769.1481	
<b>AKD اسلامک اشاک فنڈ (AKDISSF)</b>			
1 جناب صائم مصطفیٰ زبیری	ڈائریکٹر	10,077.9625	
2 محترمہ انعم ڈھیڈی	CIO	75,433.5416	

### مینجمنٹ کمپنی کی درجہ بندی

22 دسمبر 2018 کو پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) 8 جون 2017 کو AKD انویسٹمنٹ مینجمنٹ لمیٹڈ (AKDIM) کو اثاثہ جات میں AM3++ کی درجہ بندی تفویض کر چکی ہے۔

### فنڈز کی درجہ بندی

#### AKD اپر چوٹی فنڈ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے 24 مئی 2018 میں [31 دسمبر 2017 کو اختتام پذیر سال پر گزرے ہوئے 36 ماہ (3 سال) اور 60 ماہ (5 سال) کی کارکردگی کی بنیاد پر AKD اپر چوٹی فنڈ (AKDOF) کو کارکردگی میں طویل المدت "Star-5" اور میں [31 دسمبر 2017 کو اختتام پذیر سال پر گزرے ہوئے 12 ماہ (1 سال) کی کارکردگی کی بنیاد پر [قلیل المدت "Star-3" درجہ بندی تفویض کر چکی ہے۔

#### AKD کیش فنڈ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) 30 جون 2018 کو AKD کیش فنڈ (AKDCF) کو استحکام کی AA+'(f) (دو مثبت) درجہ بندی تفویض کر چکی ہے۔

#### AKD اگریسیو انکم فنڈ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) 30 جون 2018 کو اگریسیو انکم فنڈ (AKDAIF) کو استحکام کی "A-(f)" (منفی A ایف) درجہ بندی تفویض کر چکی ہے۔

## یونٹس رکھنے کا رجحان

کمپنیز ایکٹ 2017 کے تحت مطلوب اور اداراتی نظم و ضبط کے مطابق تفصیلی یونٹس رکھنے کا رجحان منسلک ہے۔

## آڈیٹرز کی تقرری

بورڈ، آڈٹ کمیٹی کی سفارش پر سال 2018-2019 کے لیے میسرز۔ اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کا بطور دستوری آڈیٹرز کے، AKD اگریسیو انکم فنڈ (AKDAIF) اور AKD کیش فنڈ (AKDCF) کے لیے دوبارہ انتخاب کر چکا ہے۔

بورڈ، آڈٹ کمیٹی کی سفارش پر سال 2018-2019 کے لیے میسرز۔ نوید ظفر اشفاق اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کا بطور دستوری آڈیٹرز کے، AKD انڈیکس ٹریڈر فنڈ (AKDITF) اور AKD اپروچوٹی فنڈ (AKDOF) کے لیے دوبارہ انتخاب کر چکا ہے۔

بورڈ، آڈٹ کمیٹی کی سفارش پر سال 2018-2019 کے لیے میسرز۔ ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹینٹس کا بطور دستوری آڈیٹرز کے، AKD انویسٹمنٹ مینجمنٹ لمیٹڈ کے لیے دوبارہ انتخاب کر چکا ہے۔

بورڈ، آڈٹ کمیٹی کی سفارش پر سال 2018-2019 کے لیے میسرز۔ گرانٹ تھورن انجم رحمان، چارٹرڈ اکاؤنٹینٹس کا بطور دستوری آڈیٹرز کے، AKD انویسٹمنٹ مینجمنٹ لمیٹڈ کے لیے دوبارہ انتخاب کر چکا ہے۔

## اعتراف

ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت مالیات، بینک دولت پاکستان اور اسٹاک ایکسچینج کی انتظامیہ کا میوچل فنڈ کی کمیونٹی کی معاونت کرنے کا مجموعی طور پر شکریہ ادا کرنا چاہتا ہوں اور ہمارے ٹرسٹی، سینٹرل ڈپازٹری کمیٹی آف پاکستان لمیٹڈ اور MCB فنانشل سروسز لمیٹڈ کے تعاون اور معاونت کا بھی شکریہ ادا کرنا چاہتے ہیں۔ بورڈ، AKD انویسٹمنٹ مینجمنٹ لمیٹڈ کے عملے اور افسران کی مخلصانہ کارکردگی کا بھی اعتراف کرتا ہے۔ بورڈ اپنے یونٹس کنندگان کا ان کے کمپنی پر اعتماد اور مسلسل حمایت اور رہنمائی کا بھی شکریہ ادا کرنا چاہتا ہے۔

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



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


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