

Funds Managed by:
AKD Investment Management Ltd.

**1st Quarter Report
September 30, 2019
(Un-audited)**



quarterly report



**Partner with AKD
Profit from the
Experience**



**AKD Investment
Management Ltd.**

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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

Ms. Aysha Ahmed

Mr. Ali Wahab Siddiqui

Mr. Hasan Ahmed

Mr. Saim Mustafa Zuberi

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

**CORPORATION
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 Fund shall continuously strive to:

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (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 Income Fund (AKDISIF) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its first quarter report along with the Funds' unaudited Financial Statements for the Quarter ended September 30, 2019.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY20, the return of AKD Opportunity Fund stood at -13.66% compared to the benchmark KSE-100 Index return of -5.38%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY20, the return of AKD Index Tracker Fund stood at -5.72% compared to the benchmark KSE-100 Index return of -5.38%.

AKD Cash Fund (AKDCF)

For the 1QFY20, the annualized return of AKD Cash Fund stood at 11.81% compared to benchmark return of 12.60%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY20, the annualized return of AKD Aggressive Income Fund stood at 9.74% compared to benchmark return of 14.17%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY20, the annualized return of AKD Islamic Income Fund stood at 11.71% compared to benchmark return of 5.74%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY20, the return of AKD Islamic Stock Fund stood at -12.12% compared to the benchmark KMI-30 Index return of -5.48%.

MACRO PERSPECTIVE

Following a decade of high GDP growth of 5.5% during FY18 the economy has undergone significant deceleration with growth slowing down to 3.3% during FY19. This slump in GDP growth can be attributed to tightening policies adopted by the new Government on the fiscal and monetary front to reign-in on the alarming imbalances of the Current Account and fiscal deficits. As per the State Bank of Pakistan (SBP), GDP is expected to grow by 3.5% during FY20, indicating a phase of economic consolidation, with the objective of bringing the country back on a sustainable growth path.

Warranted austerity measures undertaken by the Government have started to bear fruit during the ongoing year as signified by key macro indicators. Monetary tightening and a steep devaluation in the local currency has while slowing down economic activity addressed key issues providing much needed fiscal space. The current account deficit has contracted to USD 1.55 billion (2.2%

of GDP) during 1QFY20 as compared to USD 4.29 billion (5.5% of GDP) registered during comparable period last year. During FY19, Current Account Deficit (CAD) peaked at USD 13.83 billion (4.9% of the GDP), which was widely flagged as being unsustainable. The ongoing narrowing of the Current Account deficit has been led by contractions in imports of goods which decreased by 23%YoY to USD 11.03 billion during 1QFY20 as compared to USD 14.28 billion in 1QFY19; coupled with a reversal in portfolio investments from an outflow of USD 185 million during 1QFY19 to an inflow of USD 344 million during 1QFY20 further improved the situation. In addition, steady growth of inward remittances continued to aid in relieving external pressures.

According to News reports, the Federal Board of Revenue (FBR) collected PKR 960 billion during 1QFY20. This collection figure includes approximately PKR 45 billion, collected from advance levies and PKR 25 billion collected through amnesty scheme. Although FBR has missed its target for the period by PKR 111 billion, against initial target of PKR 1,071 billion; tax collections have surged by 14.83% as compared to PKR 836 billion for same period last year, showing strong institutional reforms and documentation efforts bearing fruit. Moreover, FBR has received over 0.4 million new income tax filers in 1QFY20, up by ~14% as compared to 0.35 million reported last year. Furthermore, the shortfall was largely as a result of import custom duties, which contribute the most to the tax revenues collection, showing a loss of PKR 100 billion, on the back of slowdown in the economy and exchange rate effect. It is pertinent to mention that despite slowdown in the economy, the FBR has collected 25% higher revenues locally through sales tax and other indirect taxes. Therefore, it is expected that when economic activity eventually picks up, FBR would manage to collect higher taxes and come closer to meeting its ambitious FY20 target of PKR 5.5 trillion.

During 1QFY20, average Consumer Price Index (CPI) clocked in at 10.08% as compared to 5.60% during 1QFY19. In the same period, the Pakistan Bureau of Statistics (PBS) had re-based its computation methodology for inflation from earlier FY2008 to FY2016 where weights of the CPI baskets have also been reconstituted as per the consumer survey of FY16. In order to contain Inflation, State Bank of Pakistan had increased the policy rate by 100 bps to 13.25% in July 2019. In the recent monetary policy held during mid of September, SBP left the interest rates unchanged maintaining its inflation target of 11%-12% during FY20. As far as currency adjustments are concerned, during the period under review, local currency has strengthened against USD where the current Real Effective Exchange Rate (REER) of "93" which illustrates on the basis of purchasing power of the local currency versus a basket of global currencies suggests that the local currency is undervalued by approximately 7%. Moreover, large scale manufacturing index (LSM) which encapsulates 80% of total manufacturing and constitutes 11% of GDP, exhibited a decline of 3.28% YoY during the first month of FY20, managing to marginally rise by 0.98% MoM. Major sectors that showed growth included electronics (67.23%) and Fertilizer (16.34%). On the other hand, LSM sectors that showed negative growth were Automobile (27.41%), Coke and Petroleum Product (25.12%) and Iron & Steel Products (15.44%).

Following intensive negotiations over the terms of any program the executive board of the International Monetary Fund (IMF) approved a USD 6 billion bailout package for the next three years under an Extended Funding Facility (EFF). The country has already received its first tranche of USD 1 billion of this facility during the first week of July 2019. As per the statement of IMF, the current EFF program from Pakistan will open other financing avenues for Pakistan where Pakistan can expect financing more than USD 38 billion.

EQUITY MARKET REVIEW

During 1QFY20, local stock market witnessed a volatile quarter as the benchmark KSE-100 index traded in a broad range (high of 35,269 and low of 28,674) settling with a change of 1,824pts (up 5.4%QoQ). To recap in continuation of the 4QFY19 in which the index shed 4,748, taking the cumulative downfall to 6,570 points from April to September 2019 suggests that the negative market sentiments remained dominant. Average daily traded volumes for the benchmark index also declined by 20%QoQ to 78 million shares as compared to 97 million shares witnessed during

4QFY19, illustrating a lack of investor participation. During the period under review, the benchmark index broke its 7 month negative trajectory after touching its lowest level since September 2014. During the quarter, there were some positive triggers impacting sentiments, namely: 1) commencement of the IMF program and release of the first tranche of USD 1 billion, 2) minor strengthening of local currency against Greenback, and 3) improvement in current account deficit. On the other hand some dampeners that muted investor sentiments included: 1) 100 bps increase in policy rate raising risk free rates and required equity returns 2) rise in geopolitical uncertainty with cross border tensions on the eastern front, amidst tensions in the Middle East, and 3) enhanced probability of remaining in the Financial Action Task Force (FATF) jurisdictions with compliant deficiencies list (i.e. "grey list") with a possibility of being further downgraded. Foreign investors continued with inflows where local market witnessed inflows of USD 23.28 million, up by 37.3%QoQ as compared to USD 17 million witnessed during 4QFY19. This has taken cumulative inflows during calendar year to USD 58 million. Mutual Funds and Insurance sectors remained the net sellers during the quarter where market witnessed net outflow of USD 82 million and USD 23 million respectively. Major contribution to the index decline came from Commercial Banks (-1.92%), Food and Personal care Products (-1.05%), Oil & Gas Exploration Companies (-1.06%), Cement Sector (-0.67%) and Automobile Assembler (-0.56%). However, some of the losses were compensated due to positive contribution from Fertilizer (+0.61%) sector as surged by 4%. By end of the quarter, the KSE-100 was trading at an annual trailing P/E of 5.6x and dividend yield of 9% underscoring that despite market sentiment valuations remain compelling.

MONEY MARKET REVIEW

During 1QFY20, seven T-Bill auctions were carried out by the SBP, where government successfully managed to raise PKR6.12 trillion. Weighted average yield on the 3-month, 6-month, and 12-month period were 13.59%, 13.90%, and 14.03% respectively, as compared to 7.60%, and 7.85% for same period last year. There was no response for 12 months T-bills during corresponding period last year. It is pertinent to note that yield curve has been on a declining trend since touching its high of 13.75%, 13.95% and 14.16% for 3-months, 6-months and 12-months T-bills respectively at the end of July 2019 auction, depicting an inversion in the yield curve within short tenure paper as well. Additionally, inverted yield curve for recent T-bills auction further indicates future cut in interest rates.

To further address liquidity demand, the SBP conducted three auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR963.46 billion during 1QFY20 with weighted average maturity yield on 3-year, 5-year, and 10-year of 13.83%, 13.52%, and 13.25%, as compared to 7.47%, 8.92%, and 8.70%, during the same period last year. In the recent auction result, weighted average maturity yields for 5 year/ 10 years have fallen by 110bps/95bps to 12.3760%/ 12.1482%. Yield spread between 3 year and 10 year has widened to 72bps as compared to 1bps during end of June 2019 concluding weakening the case for further tightening.

The SBPs Monetary Policy Committee (MPC) announced two Monetary Policy Statements (MPS) in 1QFY20 where the committee raised the interest rate during first monetary policy in July 2019 by 100bps. In its recent MPS held in September 2019, MPC decided to maintain policy rate keeping the inflation outlook intact. The SBP conducted thirty-one Open Market Operations (OMO) in 1QFY20 of different maturities, and injected average amount of PKR634.62 billion per OMO at an average cut-off yield of 13.18%.

As per the auction calendar of the SBP, it will raise PKR300 billion by issuing 3 to 20-year tenor Pakistan Investment Bonds (PIBs) and PKR3.80 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR4.72 trillion, in the next quarter. In addition, SBP will raise another PKR150 billion through the auction of a 10-Year Floating PIB, in the next quarter.

FUTURE OUTLOOK

Overall, we remain optimistic about the economic outlook for FY20 where real GDP growth is expected to reach 3.5% as compared to 3.27% registered during FY19. As per the SBP, CPI is expected to range between 11%-12% during the year, with a hike in inflation is expected due to one-off impacts of regulatory measures introduced in Budget FY20 coupled with increase in energy and gas prices effective from 1QFY20. As depicted by REER of below 100, the bulk of currency adjustments have played out where the local currency has already strengthened during 1QFY20. Current account deficit has exceptionally narrowed by 63% to 1,548 million (2.2%) where we expect the external deficit to remain in a controlled range following the down cycle in capital inflows and consumption demand. Any increase in international crude oil prices may adversely impact this outlook; however, the general market consensus on crude prices remains neutral to negative at least until US-China trade talks progress. Moreover, USD 3.2 billion (USD 275 per month) facility from Saudi Arabia from the Start of FY20 will ease pressure on foreign reserves. As per the Press release of SBP, the Central Bank expects decrease in inflation from second half of FY20. A decrease in inflation will provide room for the State Bank to initiate monetary easing and growth related policies. That said, we expect reversal in interest rates during second half of FY20 as indicative of the yields of long-term government paper.

As a leading indicator of wider economic growth, investor sentiments and expectations of monetary easing should keep equity markets in the limelight, where gradual upward momentum is likely. These expectations are affirmed by the benchmark index breaking through its 7 months negative trajectory after touching its lowest level since September, 2014 during the quarter.

Any revival of the benchmark index can be expected due to re-rating of Price to Earnings (P/E) after monetary easing. Currently the benchmark index is trading at an appealing multiyear low P/E of 5.6x, despite offering ROE and Dividend Yield of 16% and 9% for FY20, indicating some of the highest total returns amongst regional markets. Expected clearance of legal hurdles on GIDC Ordinance and any decision on resolution of circular debt will put index heavy weights Fertilizer and Energy sectors center stage.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: October 26, 2019

AKD Aggressive Income Fund

Financial Statements - First Quarter FY20

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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
Bank Al Habib Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
FINCA Microfinance 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.

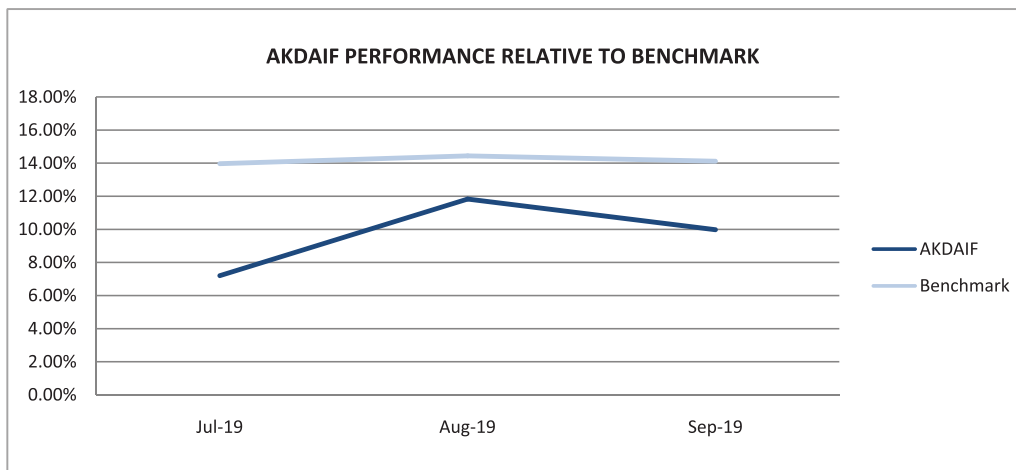
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY20, the annualized return of AKD Aggressive Income Fund stood at 9.74% as compared to the benchmark return of 14.17%.

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-19	Aug-19	Sep-19
AKDAIF	7.20%	11.83%	9.98%
Benchmark	13.97%	14.44%	14.12%

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-Sep-19	30-Jun-19
Cash and cash equivalent	16.37%	50.52%
Placement with Banks and NBFCs	-	8.68%
TFCs / SUKUK	37.75%	38.99%
Commercial Paper	3.92%	-
Other assets including receivables	1.72%	1.81%
Pakistan Investment Bonds	15.29%	-
Treasury Bills	24.95%	-

- 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	88,650	Nil	88,650	15.39%	14.99%
Bank of Punjab	TFC	73,756	Nil	73,756	12.80%	12.47%

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

1QFY20 Return (annualized)	9.74%
Benchmark (annualized)	14.17%

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

Net Asset Value			NAV per Unit	
30-Sep-19	30-Jun-19	Change	30-Sep-19	30-Jun-19
(Rupees in '000)			(Rs.)	
576,013	559,033	3.04%	52.38	51.12

- 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

Following a decade of high GDP growth of 5.5% during FY18 the economy has undergone significant deceleration with growth slowing down to 3.3% during FY19. This slump in GDP growth can be attributed to tightening policies adopted by the new Government on the fiscal and monetary front to reign-in on the alarming imbalances of the Current Account and fiscal deficits. As per the State Bank of Pakistan (SBP), GDP is expected to grow by 3.5% during FY20, indicating a phase of economic consolidation, with the objective of bringing the country back on a sustainable growth path.

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issues providing much needed fiscal space. The current account deficit has contracted to USD 1.55 billion (2.2% of GDP) during 1QFY20 as compared to USD 4.29 billion (5.5% of GDP) registered during comparable period last year. During FY19, Current Account Deficit (CAD) peaked at USD 13.83 billion (4.9% of the GDP), which was widely flagged as being unsustainable. The ongoing narrowing of the Current Account deficit has been led by contractions in imports of goods which decreased by 23%YoY to USD 11.03 billion during 1QFY20 as compared to USD 14.28 billion in 1QFY19; coupled with a reversal in portfolio investments from an outflow of USD 185 million during 1QFY19 to an inflow of USD 344 million during 1QFY20 further improved the situation. In addition, steady growth of inward remittances continued to aid in relieving external pressures.

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respectively at the end of July 2019 auction, depicting an inversion in the yield curve within short tenure paper as well. Additionally, inverted yield curve for recent T-bills auction further indicates future cut in interest rates.

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FUTURE OUTLOOK

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Any revival of the benchmark index can be expected due to re-rating of Price to Earnings (P/E) after monetary easing. Currently the benchmark index is trading at an appealing multiyear low P/E of 5.6x, despite offering ROE and Dividend Yield of 16% and 9% for FY20, indicating some of the highest total returns amongst regional markets. Expected clearance of legal hurdles on GIDC Ordinance and any decision on resolution of circular debt will put index heavy weights Fertilizer and Energy sectors center stage.

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	74
10,000 - 49,999	19
50,000 - 99,999	2
100,000 - 499,999	3
500,000 and Above	2
TOTAL	100

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.

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2019**

	Note	(Unaudited) September 30 2019	(Audited) June 30 2019
----- (Rupees in '000) -----			
ASSETS			
Bank balances	5	12,118	78,467
Investments	6	569,394	489,293
Profit receivable	7	7,212	7,464
Deposits and other receivables	8	2,949	2,929
Total assets		591,673	578,153
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	5,131	5,587
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	41	93
Payable to the Securities and Exchange Commission of Pakistan	11	29	481
Accrued expenses and other liabilities	12	10,459	12,959
Total liabilities		15,660	19,120
NET ASSETS		576,013	559,033
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		576,013	559,033
CONTINGENCIES AND COMMITMENTS	13		
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		10,997,508	10,935,470
----- (Rupees)-----			
NET ASSET VALUE PER UNIT		52.3767	51.1211
FACE VALUE PER UNIT		50	50

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	For the quarter ended September 30, 2019	For the quarter ended September 30, 2018
(Rupees in '000)			
INCOME			
Income from spread transactions - net		-	1,860
Capital gain / (loss) on sale of investments - net		279	(23)
Profit on bank deposits		656	3,665
Income from government securities		10,049	2,064
Income from term finance certificates and sukuk certificates		8,527	6,125
Income from term deposit receipts		393	1,371
Income from commercial papers		131	430
		20,035	15,492
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6.2	(2,886)	(10,994)
Unrealised appreciation in the fair value of future contracts - net		-	5,952
Total Income		17,149	10,450
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company	9.2	2,127	2,743
Sindh sales tax on remuneration of the Management Company	9.3	276	362
Remuneration of the Central Depository Company of Pakistan Limited- Trustee	10.1	106	316
Sindh sales tax on remuneration of the Trustee	10.2	14	41
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	29	139
Security transaction costs		39	440
Provision against Sindh Workers' Welfare Fund	12.1	280	115
Auditors' remuneration		121	95
Settlement and bank charges		21	38
Fees and subscriptions		109	114
Legal and professional		142	172
Allocated expenses	9.4	142	186
Printing and related costs		38	51
Total expenses		3,444	4,812
Net income for the period before taxation		13,705	5,638
Taxation	14	-	-
Net income for the period after taxation		13,705	5,638
Allocation of net income for the period			
Net income for the period after taxation		13,705	5,638
Income already paid on units redeemed		(152)	(500)
		13,553	5,138
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		13,553	5,138
		13,553	5,138

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	Quarter ended September 30	
	2019	2018
	----- (Rupees in '000) -----	
Net income for the period after taxation	13,705	5,638
Other comprehensive income for the period	-	-
Total comprehensive income for the period	13,705	5,638

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter ended September 30 2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		13,705	5,638
Adjustments for non-cash and other items			
Unrealised diminution in fair value of investments classified as 'financial assets at fair value through profit or loss' - net		2,886	10,994
Unrealised diminution in the fair value of future contracts - net		-	(5,952)
Capital (gain) / loss on sale of investments		(279)	23
Provision against Sindh Workers' Welfare Fund		280	115
		16,592	10,818
Decrease / (increase) in assets			
Investments - net		(261,932)	9,159
Profit receivable		252	2,562
Deposits, prepayments and other receivables		(20)	(59,761)
Receivable against sale of securities		-	(77,706)
		(261,700)	(125,746)
(Decrease) / increase in liabilities			
Payable to AKD Investment Management Limited - Management Company		(456)	(518)
Payable to the Central Depository Company of Pakistan Limited - Trustee		(52)	8
Payable to the Securities and Exchange Commission of Pakistan		(452)	(482)
Payable on redemption of units		-	(11,394)
Payable against purchase of securities		-	2,485
Accrued expenses and other liabilities		(2,780)	288
		(3,740)	(9,613)
Net cash used in operating activities		(248,848)	(124,541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units		33,540	445,509
Amount paid against redemption of units		(30,265)	(407,749)
Cash distributions paid during the period		-	(26,186)
Net cash generated from financing activities		3,275	11,574
Net decrease in cash and cash equivalents during the period		(245,573)	(112,967)
Cash and cash equivalents at beginning of the period		342,409	414,544
Cash and cash equivalents at end of the period	16	96,836	301,577

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	2019			2018		
	Capital Value	Undistribut ed income	Total	Capital Value	Undistribut ed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	530,008	29,025	559,033	675,004	53,860	728,864
Issue of 647,838 units (2018: 8,717,750 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	33,118	-	33,118	447,585	-	447,585
- Element of income	422	-	422	1,687	-	1,687
Total proceeds on issuance of units	33,540	-	33,540	449,272	-	449,272
Redemption of 585,800 units (2018: 7,911,873 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	29,947	-	29,947	406,210	-	406,210
- Element of loss	166	152	318	1,039	500	1,539
Total payments on redemption of units	30,113	152	30,265	407,249	500	407,749
Total comprehensive income for the period	-	13,705	13,705	-	5,638	5,638
Distribution during the period	-	-	-	-	(26,186)	(26,186)
Refund of capital	-	-	-	(3,763)	-	(3,763)
Total distribution during the period	-	-	-	(3,763)	(26,186)	(29,949)
Net assets at end of the period	533,435	42,578	576,013	713,264	32,812	746,076
Undistributed income brought forward						
- Realised income		34,509			60,136	
- Unrealised (loss) / income		(5,484)			(6,276)	
		<u>29,025</u>			<u>53,860</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		13,553			5,138	
		<u>13,553</u>			<u>5,138</u>	
Distribution during the period		-			(26,186)	
Undistributed income carried forward		<u>42,578</u>			<u>32,812</u>	
Undistributed income carried forward						
- Realised income		45,464			37,854	
- Unrealised loss		(2,886)			(5,042)	
		<u>42,578</u>			<u>32,812</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>51.1211</u>			<u>53.5418</u>
Net assets value per unit at end of the period			<u>52.3767</u>			<u>51.7431</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 AKD Aggressive Income Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited as the Management Company and the 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.
- 1.2 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.
- 1.3 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.
- 1.4 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), commercial paper, reverse repo, term deposit receipts, term finance certificates / sukuk certificates, spread transactions and transactions under Margin Trading System.
- 1.5 The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.6 The Management Company has been assigned a quality rating of "AM3++" by Pakistan Credit Rating Agency Limited (PACRA) on August 09, 2019. The Fund has been given stability rating of 'A-(f)' by PACRA on April 30, 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim 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) 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 VIII A 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 VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act,

2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

- 2.2** This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2019.
- 2.3** This condensed interim financial information is being submitted to the unitholders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2019.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2019.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2019.

			(Un-Audited) September 30 2019	(Audited) June 30 2019
	Note		---- (Rupees in '000) ----	
5	BANK BALANCES			
	In savings account	5.1	12,051	78,400
	In current account		67	67
			12,118	78,467
5.1	These accounts carry mark-up at rates ranging from 11.25% to 11.50% (2019: 6.50% to 11.0%) per annum.			
			(Un-Audited) September 30 2019	(Audited) June 30 2019
6	INVESTMENTS			
	Investments - fair value through profit or loss	6.1	569,394	489,293
			569,394	489,293

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		(Un-Audited) September 30 2019	(Audited) June 30 2019
		---- (Rupees in '000) ----	
6.1	Financial assets 'at fair value through profit or loss'		
	- Debt securities - Term finance certificates	188,381	190,351
	- Debt securities - Sukuk certificates	35,000	35,000
	- Government securities - Market treasury bills	232,335	213,755
	- Government securities - Pakistan Investment Bonds	90,496	-
	-Term deposit receipts	-	50,187
	- Commercial papers	23,182	-
	- Preference shares	-	-
		569,394	489,293

6.1.1 Debt securities - Term finance certificates

Name of Investee Company	Face value per certificate	Number of certificates				Balance as at September 30, 2019		Unrealised appreciation / (diminution) as at September 30, 2019	Market value as a percentage of		Investment as a percentage of total issue size
		As at July 1, 2019	Purchased during the period	Sold / redeemed during the period	As at September 30, 2019	Carrying value	Market value		total investments	Net Assets	
	Rupees					Rupees in '000'			%		
Term finance certificates - listed											
Summit Bank Limited (note 6.1.1.2)	5,000	5,000	-	-	5,000	24,925	-	-	-	-	-
Less: impairment recognised in the income statement in prior year						(24,925)	-	-			
Worldcall Telecom Limited (note 6.1.1.3)	5,000	20,000	-	-	20,000	34,235	-	-	-	-	-
Less: impairment recognised in the income statement in prior years						(34,235)	-	-			
Dewan Cement Limited (note 6.1.1.4)	5,000	20,000	-	-	20,000	100,000	-	-	-	-	-
Less: impairment recognised in the income statement in prior years						(100,000)	-	-			
Pace (Pakistan) Limited (note 6.1.1.5)	5,000	115	-	-	115	574	-	-	-	-	-
Less: impairment recognised in the income statement in prior years						(574)	-	-			
Term finance certificates - unlisted											
TPL Corporation Limited	100,000	780	-	-	780	25,948	25,975	27	4.56	4.51	2.16
Silk Bank Limited	5,000	20,000	-	-	20,000	90,199	88,650	(1,549)	15.57	15.39	4.43
The Bank of Punjab	100,000	750	-	-	750	74,194	73,756	(438)	12.95	12.80	2.95
						190,341	188,381	(1,960)			
Total - September 30, 2019						190,341	188,381	(1,960)			
Total - June 30, 2019						195,658	190,351	(5,307)			

6.1.1.1 Significant terms and conditions of term finance certificates outstanding as at June 30, 2019 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
TPL Corporation Limited	3 months KIBOR + 1.50%	December 19, 2017	December 19, 2019	AA-
The Bank of Punjab	6 months KIBOR + 1.00%	December 23, 2016	December 23, 2026	AA-
Silk Bank Limited	6 months KIBOR + 1.85%	August 10, 2017	August 10, 2025	A-

6.1.1.2 The Term finance certificates of Summit Bank Limited (SBL) had an original maturity of October 27, 2018. An extra ordinary general meeting was held on November 19, 2018, where in it was resolved that the maturity date of these certificates be extended for one year (i.e. October 27, 2019) on the existing terms and conditions. Since SBL defaulted on timely payment of its final installment, the management company has made 100 percent provision amounting to Rs. 24.925 million against the defaulted installment in line with the requirement of Circular 33 dated October 24, 2012. Furthermore, profit on installment due amounting to Rs. 1.23 million has also been suspended.

6.1.1.3 The Term finance certificates (TFCs) of Worldcall Telecom Limited (WTL) had an original maturity of October 7, 2013. WTL defaulted on timely repayment of principal, therefore, the TFCs had been classified as non-performing by the Mutual Funds Association of Pakistan w.e.f. November 8, 2012. Accordingly, the outstanding investment had been fully provided.

6.1.1.4 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited 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 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.

6.1.1.5 The Term finance certificates (TFCs) of Pace (Pakistan) Limited (PPL) had an original maturity of February 15, 2017. PPL defaulted on timely repayment of two mark-up payments and the principal installments, therefore, the TFCs had been classified as non-performing by the Mutual Funds Association of Pakistan w.e.f. September 5, 2011. Accordingly, the outstanding investment had been fully provided.

6.1.2 Debt securities - Sukuk certificates

Name of Investee Company	Face value per certificate	Number of certificates				Balance as at September 30, 2019		Unrealised appreciation / (diminution) as at September 30, 2019	Market value as a percentage of		Investment as a percentage of total issue size
		As at July 1, 2019	Purchased during the period	Sold / redeemed during the period	As at September 30, 2019	Carrying value	Market value		Total investments	Net assets	
	Rupees					----- Rupees in '000' -----			----- % -----		
Sukuk certificates - unlisted											
Hub Power Company Limited - note 6.1.2.1	5,000	7,000	-	-	7,000	35,000	35,000	-	6.15	6.08	0.88
New Allied Electronics Industries (Private) Limited (July 25, 2007) - note 6.1.2.2	313	96,000	-	-	96,000	30,000	-	-	-	-	-
Less: impairment recognised in the income statement in prior years						(30,000)	-	-	-	-	-
						-	-	-			
Total - September 30, 2019						35,000	35,000	-			
Total - June 30, 2019						35,000	35,000	-			

- 6.1.2.1** The Hub Power Company Limited issued sukuk certificates on February 17, 2019 which are due to be matured on November 27, 2019. The profit is accrued at rate of 3-months KIBOR plus a margin of 100 bps per annum.
- 6.1.2.2** 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.

6.1.3 Government securities - Market treasury bills

Tenor	Face Value				Balance as at September 30,			Market value as a percentage of investments	Market value as a percentage of net assets
	At July 1, 2019	Purchased during the period	Sold / matured during the period	As at September 30, 2019	Carrying Value	Market value	Unrealised diminution as at September 30, 2019		
----- Rupees in '000 '----- % -----									
3 months	215,000	385,000	515,000	85,000	84,721	84,718	(3)	14.88	14.71
6 months	-	25,000	-	25,000	24,031	24,031	-	4.22	4.17
12 months	-	239,000	100,000	139,000	123,841	123,586	(255)	21.70	21.46
Total -September 30, 2019					232,593	232,335	(258)		
Total - June 30, 2019					213,933	213,755	(178)		

6.1.4 Government securities - Pakistan Investment Bonds (PIBs)

Tenor	Face Value				Balance as at September 30,			Market value as a percentage of investments	Market value as a percentage of net assets
	At July 1, 2019	Purchased during the period	Sold / matured during the period	As at September 30, 2019	Carrying Value	Market value	Unrealised diminution as at September 30, 2019		
----- Rupees in '000 '----- % -----									
3 Year	-	50,000	-	50,000	45,828	45,596	(232)	8.01	7.92
5 Year	-	50,000	-	50,000	45,336	44,900	(436)	7.89	7.79
Total -September 30, 2019					91,164	90,496	(668)		
Total - June 30, 2019					-	-	-		

6.1.5 Commercial papers

The Islamic Commercial Paper of TPL Corp Limited having original issue date of July 15, 2019 and maturity date of January 11, 2020 with profit rate of 6 month KIBOR + 275bps.

	(Un-Audited) September 30 2019	(Audited) June 30 2019
	---- (Rupees in '000) ----	

6.1.6 Preference shares

	Note	(Un-Audited) September 30 2019	(Audited) June 30 2019
Security Leasing Corporation Limited	6.1.6.1	-	-

6.1.6.1 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. The management has fully provided for its investment during the year ended June 30, 2018.

6.1.7 Non compliant investments

6.1.7.1 The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. AKD Investment Management Limited (the Management Company) classified AKD Aggressive Income Fund (the Fund) as an 'Aggressive Income Scheme' in accordance with the said circular. As at September 30, 2019, the Fund is compliant with all the requirements of the said circular except for clause 10 (i) which prohibits investment in preference shares.

Following investment of the Fund in preference shares is non-compliant:

Name of non compliant investment	Type of investment	Value of Investment	Provision balance as on July 01, 2019	Provision during the period	Provision as on September 30, 2019	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	(10,663)	-	(10,663)	-	-	-

6.1.7.2 The investments in term finance certificates of Silk Bank Limited and The Bank of Punjab Limited exceed the maximum investment limit as prescribed in the Non-Banking Finance Companies and Notified Entities Regulations, 2008

6.2 Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net

	(Un-Audited) September 30 2019	(Audited) June 30 2019
	---- (Rupees in '000) ----	

Market value of securities	546,212	439,106
Less: carrying value of securities	(549,098)	(444,590)
	(2,886)	(5,484)

		(Un-Audited) September 30 2019	(Audited) June 30 2019
		---- (Rupees in '000) ----	
7	PROFIT RECEIVABLE		
	Profit receivable on:		
	- Term finance and sukuk certificates	5,786	5,726
	- Pakistan Investment Bonds (PIBs)	305	-
	- Term deposit receipts	-	966
	- Commercial papers	788	-
	- Bank deposits	333	772
		7,212	7,464
8	DEPOSITS AND OTHER RECEIVABLE		
	Security deposit with National Clearing Company of Pakistan Limited - (NCCPL)	2,750	2,750
	Security deposit with Central Depository Company of Pakistan Limited - (CDC)	100	100
	Other receivables	99	79
		2,949	2,929
9	PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Federal Excise Duty on management remuneration 9.1	4,141	4,141
	Management remuneration payable - net 9.2 & 9.2.1	754	711
	Sindh sales tax payable on management remuneration 9.3	92	92
	Payable against allocated expenses 9.4	142	641
	Others	2	2
		5,131	5,587

9.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 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.

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.

AKD Aggressive Income Fund - Quarterly Report September 2019

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 September 30, 2019 amounting to Rs 4.14 million (2019: Rs 4.14 million) is being retained in these condensed interim 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 these condensed interim financial statements of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher by Re 0.3765 per unit (June 30, 2019: Re 0.3787 per unit).

- 9.2** During the period the Management Company has charged 1.5% (June 30, 2019: 1.5%) per annum management fee.

	Note	(Un-Audited) September 30 2019	(Audited) June 30 2019
---- (Rupees in '000) ----			
9.2.1 Management remuneration payable - net			
Management remuneration payable		706	711
Less: reimbursement from the Management Company		(48)	-
Payable to the Management Company - net		754	711

- 9.3** Sindh sales tax at the rate of 13% (June 30, 2019: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

- 9.4** SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019, has removed the maximum cap of 0.1% with respect to fees and expenses related to registrar services, accounting, operation and valuation services related to Fund. However, 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 from July 01, 2019 to September 30, 2019.

	Note	(Un-Audited) September 30 2019	(Audited) June 30 2019
---- (Rupees in '000) ----			
10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration payable	10.1	35	81
Settlement charges payable to the trustee		1	1
Sindh Sales Tax payable on trustee remuneration and settlement charges	10.2	5	11
		41	93

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. In the current year the Management Company has charged trustee fee at the rate of 0.075% per annum (June 30, 2019: 0.17% per annum) of the average annual net assets of the Fund.

- 10.2** Sindh Sales Tax is charged at 13% (June 30, 2019: 13%) on Trustee fee.

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

	Note	(Un-Audited) September 30 2019	(Audited) June 30 2019
---- (Rupees in '000) ----			
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
	Annual fee payable to SECP	29	481
11.1	Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a income scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (June 30, 2019: 0.075%) of the average annual net assets of the scheme. The fee is payable annually in arrears.		
12	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration	400	388
	National Clearing Company of Pakistan Limited clearing charges payable	30	30
	Withholding tax payable	-	2,841
	Provision against Sindh Workers Welfare Fund	3,440	3,159
	Others	6,589	6,541
		10,459	12,959

- 12.1** 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 Mutual Funds Association of Pakistan (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, 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).

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher by Re 0.31 per unit (June 30, 2019: Re 0.29 per unit)

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2019 and June 30, 2019.

14 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 period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute not less than 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been in these condensed interim financial statements. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended September 30, 2019 is 2.43% (annualised) which includes 0.44% (annualised) representing government levies such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% (annualised) prescribed under the NBFC Regulations for a collective investment scheme categorised as an Aggressive Fixed Income Scheme.

16 CASH AND CASH EQUIVALENTS

		(Un-Audited) September 30 2019	(Audited) June 30 2019
Note		---- (Rupees in '000) ----	
Bank balances	5	12,118	78,467
Market treasury bills (having original maturity upto 3 months)	6.1.3	84,718	213,755
Term deposit receipts (having original maturity upto 3 months)		-	50,187
		96,836	342,409

17 TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include AKD Investment Management Limited(being the Management Company) and its related entities, the 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:

AKD Aggressive Income Fund - Quarterly Report September 2019

17.1 Details of transactions with related parties / connected persons during the period are as follows:

	Un-Audited	
	Quarter ended	
	September 30	
	2019	2018
	---- (Rupees in '000) ----	
AKD Investment Management Limited - Management Company		
Management remuneration - net	2,127	2,743
Sindh sales tax on management remuneration	276	362
Sales load	-	1
Allocated expenses	142	186
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	106	316
Sindh sales tax on trustee remuneration	14	41
AKD Investment Management Limited - Staff Provident Fund		
Purchase of units Nil (2018: 3,498)	-	180
Redemption of units Nil (2018: 11,741)	-	600
Dividend paid	-	180
Refund of capital of Nil units (2018: 185 units)	-	9
Key Management Personnel, Director of the Management Company and their close relatives		
Chief Financial Officer		
Dividend paid	-	27
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan - Employees Pension Fund		
Purchase of units : Nil (2018: 283,489)	-	14,555
Dividend paid	-	18,836
TPL Insurance Limited*		
Purchase of units : Nil (2018: 19,765)	-	1,015
Dividend paid	-	1,194
Askari General Insurance Company Limited*		
Purchase of units: Nil (2018: 21,989)	-	1,129
Redemption of units: Nil (2018: Nil)	-	-
Issue of 40, 538 capital refund units	-	2,081
Dividend paid	-	1,328

* Prior year connected party, current year figures not shown

	(Unaudited) September 30 2019	(Audited) June 30 2019
17.2 Details of balances with related parties / connected persons as at year end		
	---- (Rupees in '000) ----	
AKD Investment Management Limited - Management Company		
Management remuneration payable	754	711
Sindh Sales tax payable on management remuneration	92	92
Federal excise duty payable on management remuneration	4,141	4,141
Payable against allocated expenses	142	641
Others	2	2
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	35	81
Settlement charges payable	1	1
Sindh Sales Tax payable on trustee remuneration and settlement charges	5	11
Security deposit	100	100
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan Employees Pension Fund		
Outstanding 8,288,410 units (June 30, 2019: 8,288,410 units)	434,120	423,713
Sindh Province Pension Fund		
Units held 1,375,033 (June 30, 2019: 1,375,033)	72,020	70,293

18 FAIR VALUE MEASUREMENT

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value, based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and.
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table show the carrying amount and fair values of financial assets including the levels in the fair value hierarchy.

AKD Aggressive Income Fund - Quarterly Report September 2019

As at September 30, 2019 and June 30, 2019, the Fund held the following assets measured at fair values:

September 30, 2019			
Level 1	Level 2	Level 3	Total
At fair value through profit or loss			
------(Rupees in '000)-----			
- Debt securities - Term finance certificates	-	188,381	-
- Debt securities - Sukuk certificates	-	35,000	-
- Government securities - Market treasury bills	-	232,335	-
- Government securities - Pakistan Investment Bonds	-	90,496	-
- Commercial papers	-	23,182	-

June 30, 2019			
Level 1	Level 2	Level 3	Total
At fair value through profit or loss			
------(Rupees in '000)-----			
- Debt securities - Term finance certificates	-	190,351	-
- Debt securities - Sukuk certificates	-	35,000	-
- Government securities - Market treasury bills	-	213,755	-
- Term deposit receipts *	-	50,187	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 26, 2019 by the Board of Directors of the Management Company.

20 GENERAL

20.1 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 condensed interim financial statements during the current period.

20.2 Figures have been rounded off to the nearest thousand Rupees.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director



**AKD Investment
Management Ltd.**

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