

Funds Managed by:
AKD Investment Management Ltd.

Half Yearly Report
December 31, 2019
(Un-audited)



half yearly report

AKD
OPPORTUNITY FUND

AKD
INDEX TRACKER FUND

AKD
CASH FUND

AKD
AGGRESSIVE INCOME FUND

AKD
ISLAMIC INCOME FUND

AKD
ISLAMIC STOCK FUND

**GOLDEN ARROW
STOCK FUND**

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

HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob Sultan, CFA

AUDIT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)

Mr. Hasan Ahmed (Member)

Mr. Saim Mustafa Zuberi (Member)

Ms. Tayyaba Masoom Ali (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), AKD Islamic Stock Fund (AKDISSF), and Golden Arrow Stock Fund (GASF)- (Formerly: Golden Arrow Selected Stocks Fund Limited) is pleased to present its Half Yearly report along with the Funds' reviewed financial statements for the first half ended December 31, 2019.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1HFY20, the return of AKD Opportunity Fund stood at 10.54% compared to the benchmark KSE-100 Index return of 20.16%.

AKD Index Tracker Fund (AKDITF)

For the 1HFY20, the return of AKD Index Tracker Fund stood at 18.48% compared to the benchmark KSE-100 Index return of 20.16%.

AKD Cash Fund (AKDCF)

For the 1HFY20, the annualized return of AKD Cash Fund stood at 12.16% compared to benchmark return of 12.67%.

AKD Aggressive Income Fund (AKDAIF)

For the 1HFY20, the annualized return of AKD Aggressive Income Fund stood at 11.59% compared to benchmark return of 13.82%.

AKD Islamic Income Fund (AKDISIF)

For the 1HFY20, the annualized return of AKD Islamic Income Fund stood at 12.11% compared to benchmark return of 6.12%.

AKD Islamic Stock Fund (AKDISSF)

For the 1HFY20, the return of AKD Islamic Stock Fund stood at 8.62% compared to the benchmark KMI-30 Index return of 22.01%.

Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund Limited)

For the 1HFY20, the return of Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund Limited) stood at 0.98% compared to the benchmark KSE-100 Index return of 20.16%.

MACRO PERSPECTIVE:

The Current Account Deficit (CAD) for 1HFY20 stood at \$2.099 billion (1.5% of GDP) as compared to \$8.614 billion (5.8% of GDP) in the same period last year (SPLY), exhibiting a significant decline of 75.6% YoY. The improved performance was on the back of a decline in import of goods by 21.0% YoY to \$22.17 billion from \$28.063 billion while exports illustrated a modest increase of 4.46% YoY to \$12.391 billion in the 1HFY20. In addition, workers' remittances also provided support for the period at \$11.395 billion as compared to \$11.029 billion SPLY.

On the fiscal front, the Federal Board of Revenue (FBR) managed to collect PKR 2.080 trillion in the 1HFY20. The FBR's full target of PKR 5.550 trillion implying an estimated 45% growth from the last fiscal year's collection of PKR 3.828 trillion was widely referred to as ambitious to begin with and as expected the tax collection target was later revised downward to PKR 5.238 trillion.

As per the Pakistan Bureau of Statistics (PBS), National Consumer Price Index (NCPI) for the month of January 2020 stood at 14.56% YoY which pulls the average inflation for 7MFY20 to 11.60% as compared to 5.90% SPLY. This significant increase in monthly inflation was primarily due to increase in prices of Food and non- alcoholic beverages (weight 34.58%) by 23.65% YoY. Average Core Inflation (Non Food Non Energy) for Urban and Rural clocked in at 7.9% and 9.0% respectively. Despite the recent inflationary pressures noticed, the State Bank of Pakistan (SBP) has maintained its average inflation target at 11% - 12% for the fiscal year unchanged in its latest Monetary Policy Statement (MPS) announced on January 28, 2020.

The Large Scale Manufacturing (LSM) witnessed a decline of 3.35% cumulatively for the 1HFY20 (July-December). Major decline was witnessed in sectors such as such as Automobiles (-36.40%), Electronics (-14.08%), Iron & Steel products (-12.31%), and Coke & petroleum products (-10.33%) during the period. On the other hand, there were some LSM related sectors that exhibited major positive growth which were Food and Beverages and Tobacco (4.33%), Non Metallic Mineral Product (2.90%), Fertilizers (4.89%), and Paper & Boards (7.87%).

During the 1HFY20, Pakistan was able to attract \$1.34 billion in Foreign Direct Investment (FDI) as compared to \$0.80 billion in the SPLY, exhibiting an increase of 68.25% YoY. Portfolio Investment in Pakistan's debt securities for 1HFY20 stood at \$452 million, which has shown an unprecedented increase due to attractive risk free yields offered during the period.

The total liquid foreign exchange reserves of Pakistan stood at \$17.930 billion (\$6.594 billion net reserves with banks and \$11.336 billion net reserves with State Bank of Pakistan) as compared to \$13.757 SPLY. After completion of the review, Pakistan has received its second tranche of \$452.4 million by the end of 1HFY20 bringing total disbursements to approximately \$1.440 billion from International Monetary Fund (IMF) under 39-month Extended Fund Facility (EFF) of \$6 billion.

EQUITY REVIEW:

Equity markets witnessed a period of revival, reversing the negative trend with the KSE-100 index providing a return of 20.2% during 1HFY20. In retrospect, it seems that the KSE-100 index bottomed out during August 2019 near a five year low of 28,765pts providing exceptional valuations. Undergoing significant pull back since, renewed buying interest and increased appetite for equity exposure pushed the index to return 42% despite relatively high yields on government papers, as the market showed some resilience after a prolonged period of weakness. The stock market ended on a strong note with the index climbing 33.1% during Sept-Dec'19 (with Nov'19 being the best month for returns since May'13).

Encouraging participation was witnessed during the period with average daily traded volumes rising 20.6%YoY for 1HFY20 and 37.9% over 2HFY19, while average traded value climbed 25.6% vs. 2HFY19. Investors flocked to main board or index heavyweight companies where the share of KSE-100 volumes in overall market volumes averaged 71% during 1HFY20 vs. 59% during 1HFY19, indicating improved confidence on the prospects of an economic revival. End of calendar year played a major part in driving volumes as well, with Dec'19 average volume of 194.3mn being the highest since Jan'17 as GoP policy to tackle fiscal and external deficiencies was welcomed by market participants.

Significant sectors moving the index higher during 1HFY20 included: 1) Commercial Banks (+12%), 2) Fertilizers (+15%YoY), 3) Cements (+16%), 4) Food & Personal Goods (+19%) and 5) OMCs (+19%). No major sector was seen to be in the red during the period. Foreign Portfolio Investors were net buyers during the period with cumulative inflow of US\$8.0mn continuing the US\$47.7mn inflow seen during 2HFY19. Amongst domestic investor fund flows individuals were net buyers (US\$140.1mn) aided by Trusts, other organizations (US\$14.2mn) while institutional selling was seen. This outflow was led by Banks/DFIs (US\$90.8mn), Mutual Funds (US\$52.7mn) and Insurance Companies (US\$19.7mn).

Going into 2HFY20, market is expected to remain volatile with FATF related news and stringent compliance requirement particularly on fiscal side under the IMF program, i.e. electricity and gas tariff hike, and structural reforms. Government running revenue shortfall can additionally maintain pressure on market. Sharp uptick inflation has delayed the monetary easing cycle hence pace and timing of monetary adjustments holds the key for sustaining the thrust of the market.

MONEY MARKET REVIEW:

During 1HFY20, fourteen (14) T-Bill auctions were carried out by the SBP, where the Government successfully managed to raise PKR 9.93 trillion. Weighted average yield on the 3-month, 6-month, and 12-month period were 13.50%, 13.58%, and 13.48% respectively, as compared to 8.38%, and 9.01% for same period last year. During the said period it was also noted that there was no participation recorded in the 12 month paper in the aforementioned auctions. It is pertinent to note that yield curve has been on a declining trend since touching its high of 13.75%, 13.95% and 14.22% for 3-months, 6-months and 12-months T-bills respectively, depicting an inversion in the yield curve within short tenure papers as well.

To further address liquidity demand, the SBP conducted six (6) auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR 1,374.86 billion during 1HFY20 with weighted average maturity yield on 3-year, 5-year, and 10-year of 12.97%, 12.60%, and 12.38%, as compared to 8.31%, 9.70%, and 9.49% respectively, during the same period last year. In the recent auction result, weighted average maturity yields for 5 year/ 10 years had fallen by 6.12bps/6.28bps to 11.0899%/ 10.8825% respectively. The yield spread between the 3 year and 10 year PIBs have widened by 84bps as compared to 75bps in the previous auction further endorsing market consensus of eventual monetary easing.

The Monetary Policy Committee (MPC) announced three (3) Monetary Policy Statements (MPS) in 1HFY20 where the committee raised the interest rate during monetary policy in July 2019 by 100bps to 13.25%. In its recent MPS held in November 2019, MPC decided to maintain policy rate keeping the inflation outlook intact. The SBP conducted 55 Open Market Operations (OMO) in 1HFY20 of different maturities, and injected average amount of PKR581.68 billion per OMO at an average cut-off yield of 13.24%.

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 PKR2.50 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR2.35 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:

Going into 2HFY20, the market is expected to remain volatile with FATF related news and stringent compliance requirements particularly on the fiscal side under the IMF program,

including prospective hikes in electricity and gas tariffs in addition to structural reforms. With the Government running revenue shortfalls investors will remain cautious of an early economic revival which is expected to exert pressure on stock prices or keep significant upside in check. Sharp uptick in inflation has delayed the monetary easing cycle hence pace and timing of monetary adjustments holds the key for sustaining the thrust of the market.

With the upcoming result season, near term market performance will largely be guided by earning reads. We believe a significant reversal in equity market will be more dependent on liquidity rather than valuations for now. The KSE-100 index trades at a Price-to-earnings (P/E) and Dividend Yield (DY) of 6.74x and 7.46% respectively as compared to Regional Markets P/E and DY of 13.72x and 2.65% respectively. The investor confidence level and foreign participation will play a major role in this regard.

On the Fixed Income side, the yields offered by 3 year, 5 year and 10 year Pakistan Investment Bonds (PIBs) has declined by 2.21%, 2.97% and 2.72% respectively. This rapid decrease in short term and long term yields of Government bonds illustrates a market consensus of a foreseeable decline in interest rates by the central bank.

The investors are closely monitoring the improving macro economic situation of Pakistan, and combined with the bearish outlook for the future interest rates, more investors would shift their preference to the equity market. This will provide substantial liquidity to the bourse, and will help the stock market continue its upward movement on the back of attractive valuations.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim Memon
Chairman

Karachi: February 21, 2020

AKD Aggressive Income Fund

Financial Information - First Half 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 Shahr-e-Faisal,
Karachi.

BANKERS

Apna Microfinance Bank Limited
Askari Bank Limited
Bank Al Habib 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

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU Shahr-e-Faisal,
Karachi-75350

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.
Investomate (Pvt.) Limited
Investlink Advisor (Private) Limited

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.

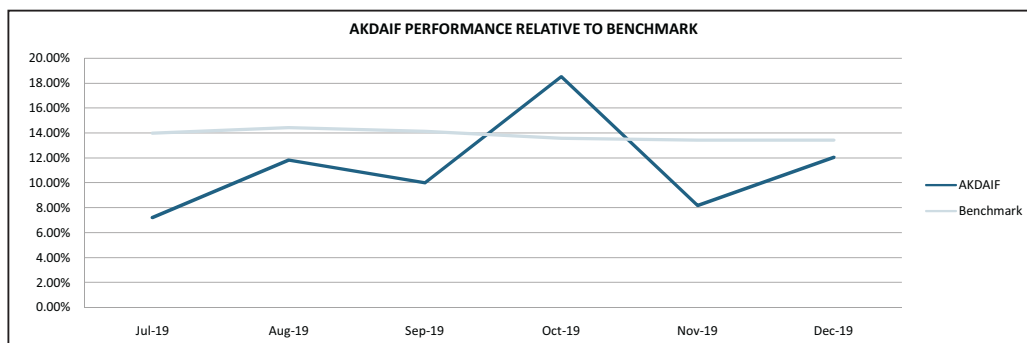
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1HFY20, the annualized return of AKD Aggressive Income Fund stood at 11.59% as compared to the benchmark return of 13.82%.

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	Oct-19	Nov-19	Dec-19
AKDAIF	7.20%	11.83%	9.98%	18.53%	8.18%	12.05%
Benchmark	13.97%	14.44%	14.12%	13.59%	13.42%	13.43%

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 scheme, the returns of the fund are generated through investment in T-bills, PIBs, Margin Trading System, Spread transaction and corporate debt instruments.

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):

- 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)	31-Dec-19	30-Sep-19
Cash and cash equivalent	22.11%	16.35%
Placement with Banks and DFIs	5.53%	-
TFCs / SUKUK	25.67%	37.75%
Treasury Bills (over 90 days)	25.96%	24.97%
Other assets including receivables	2.26%	1.72%
Pakistan Investment Bonds	14.81%	15.29%
Commercial papers	3.66%	3.92%

- 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	88,659	Nil	88,659	14.38%	14.02%
Bank of Punjab	TFC	73,701	Nil	73,701	11.95%	11.65%

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

1HFY20Return (annualized)	11.59%
Benchmark (annualized)	13.82%

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

Net Asset Value			NAV per Unit	
31-Dec-19	30-Sep-19	Change	31-Dec-19	30-Sep-19
(Rupees in '000)			(Rs.)	
616,520	576,013	7.03%	54.1067	52.3767

- 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:

The Current Account Deficit (CAD) for 1HFY20 stood at \$2.099 billion (1.5% of GDP) as compared to \$8.614 billion(5.8% of GDP) in the same period last year (SPLY), exhibiting a significant decline of 75.6% YoY. The improved performance was on the back of a decline in import of goods by 21.0% YoY to \$22.17 billion from \$28.063 billion while exports illustrated a modest increase of 4.46% YoY to \$12.391 billion in the 1HFY20. In addition, workers' remittances also provided support for the period at \$11.395 billion as compared to \$11.029 billion SPLY.

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With the upcoming result season, near term market performance will largely be guided by earning reads. We believe a significant reversal in equity market will be more dependent on liquidity rather than valuations for now. The KSE-100 index trades at a Price-to-earnings (P/E) and Dividend Yield (DY) of 6.74x and 7.46% respectively as compared to Regional Markets P/E and DY of 13.72x and 2.65% respectively. The investor confidence level and foreign participation will play a major role in this regard.

On the Fixed Income side, the yields offered by 3 year, 5 year and 10 year Pakistan Investment Bonds (PIBs) has declined by 2.21%, 2.97% and 2.72% respectively. This rapid decrease in short term and long term yields of Government bonds illustrates a market consensus of a foreseeable decline in interest rates by the central bank.

The investors are closely monitoring the improving macro economic situation of Pakistan, and combined with the bearish outlook for the future interest rates, more investors would shift their preference to the equity market. This will provide substantial liquidity to the bourse, and will help the stock market continue its upward movement on the back of attractive valuations.

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 Investor
0.1 - 9,999	69
10,000 - 49,999	14
50,000 - 99,999	2
100,000 - 499,999	4
500,000 and above	2
	91

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.

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 six months period ended December 31, 2019 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.

We would like to draw unit holder's attention towards the fact that exposure of the fund in the Term Finance Certificates of Silk Bank Limited (SBL) and The Bank of Punjab (BOP) as on December 31, 2019 reached 14.38% & 11.95% of the net assets respectively; thus the fund is in non-compliance of Regulation 55(5) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC & NE Regulations) which states that the exposure of a Collective Investment Scheme to any single entity shall not exceed an amount equal to ten percent of its total net assets. As a result of above non compliances, exposure of the fund in banking sector as on December 31, 2019 also reached 26.33% of the net assets against the prescribed limit of 25% as required under Regulation 55(9) of the NBFC & NE Regulations.

These non-compliances in SBL and BOP are prevailing since June 20, 2018 and February 22, 2019 respectively and we have reported the said issues to the Commission.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 28, 2020

REVIEW REPORT TO THE UNITHOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AKD AGGRESSIVE INCOME FUND** (here-in-after referred to as the "Fund") as at December 31, 2019, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unitholders' fund, condensed interim statement of cash flows and notes to the condensed interim financial information for the half year ended December 31, 2019. The Management Company (AKD Investment Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who vide their report dated September 30, 2019 issued an unqualified opinion thereon.

Deloitte Yousuf Adil.

Chartered Accountants

Engagement Partner: Nadeem Yousuf Adil

Karachi: February 28, 2020

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2019**

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Note	----- (Rupees in '000) -----	
Assets		
Bank balances	4 11,308	78,467
Investments	5 606,962	489,293
Profit receivable	6 11,199	7,464
Deposits and other receivables	7 3,146	2,929
Total assets	632,615	578,153
Liabilities		
Payable to the Management Company	8 5,361	5,587
Payable to the Trustee	9 45	93
Payable to Securities and Exchange Commission of Pakistan	10 58	481
Accrued expenses and other liabilities	11 10,631	12,959
Total liabilities	16,095	19,120
Net assets	616,520	559,033
Unit holders' fund (as per statement attached)	616,520	559,033
Contingencies and commitments	12	
	----- (Number of units) -----	
Number of units in issue	11,394,521	10,935,470
	----- Rupees -----	
Net assets value per unit	54.1067	51.1211

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Note	For the half year ended December 31,		For the quarter ended December 31,	
		2019	2018	2019	2018
----- ('Rupees in '000) -----					
Income					
Net unrealised (diminution) / appreciation on remeasurement of investments 'at fair value through profit or loss'	5.8	(1,595)	(4,021)	1,291	1,021
Loss from spread transactions		-	(953)	-	(2,813)
Capital gain on sale of investment		739	5,044	460	5,067
Income from government securities		21,443	3,884	11,394	1,820
Income from term finance certificates and sukuk certificates		16,881	10,987	8,354	4,862
Income from term deposit receipts		393	1,566	-	195
Income from letter of placement		25	-	25	-
Income from commercial paper		1,060	430	929	-
Dividend income		-	4,928	-	4,928
Profit on bank deposits		1,167	8,506	511	4,841
Total income		40,113	30,371	22,964	19,921
Expenses					
Remuneration of the Management Company	8.1	4,377	5,129	2,250	2,386
Sales tax on the remuneration of the Management Company	8.2	569	676	293	314
Remuneration of the Trustee	9.1	219	590	113	274
Sales tax on the Trustee remuneration	9.2	29	77	15	36
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	58	260	29	121
Expenses allocated by the Management Company	8.3	292	347	150	161
Brokerage and settlement charges		77	616	38	176
Auditors' remuneration		202	302	81	207
Bank charges		41	70	20	32
Fee and subscription		298	236	189	122
Printing and related cost		75	68	37	17
Legal and professional charges		163	240	21	68
Impairment loss on investments		-	24,925	-	24,925
Provision against Sindh Workers' Welfare Fund		674	-	394	(115)
Total expenses		7,074	33,536	3,630	28,724
Net income / (loss) for the period before taxation		33,039	(3,165)	19,334	(8,803)
Taxation	14	-	-	-	-
Net income / (loss) for the period after taxation		33,039	(3,165)	19,334	(8,803)
Allocation of net income for the period					
Net income for the period after taxation		33,039	-	19,334	-
Income already paid on units redeemed		(715)	-	(563)	-
		32,324	-	18,771	-
Accounting income available for distribution					
Relating to capital gains		(1,595)	-	1,291	-
Excluding capital gains		33,919	-	17,480	-
		32,324	-	18,771	-

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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 (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	For the half year ended December 31,		For the quarter ended December 31,	
	2019	2018	2019	2018
	----- ('Rupees in '000) -----			
Net income / (loss) for the period after taxation	33,039	(3,165)	19,334	(8,803)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	33,039	(3,165)	19,334	(8,803)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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 UNITHOLDERS' FUND FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For the half year ended December 31, 2019			For the half year ended December 31, 2018		
	Rupees in '000			Rupees in '000		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at beginning of the period	530,008	29,025	559,033	675,004	53,860	728,864
Issue of 1,490,896 units (2018: 19,839,520 units)						
- Capital value (at net asset value per unit at beginning of the period)	76,216	-	76,216	1,018,597	-	1,018,597
- Element of income	2,229	-	2,229	4,032	-	4,032
Total proceeds on issuance of units	78,445	-	78,445	1,022,629	-	1,022,629
Redemption of 1,031,845 units (2018: 22,556,672 units)						
- Capital value (at net asset value per unit at beginning of the period)	52,749	-	52,749	1,158,100	-	1,158,100
- Amount paid out of element of income relating to net income for the year after taxation	-	(715)	(715)	-	-	-
- Element of income	1,963	-	1,963	7,593	-	7,593
Total payments on redemption of units	54,712	(715)	53,997	1,165,693	-	1,165,693
Total comprehensive income for the period	-	33,039	33,039	-	(3,165)	(3,165)
Distribution for the period	-	-	-	-	(26,186)	(26,186)
Refund of capital	-	-	-	(3,763)	-	(3,763)
Net income for the period less distribution	-	33,039	33,039	(3,763)	(29,351)	(33,114)
Net assets at end of the period	553,741	61,349	616,520	528,177	24,509	552,686
Distribution for the year						
Undistributed income brought forward						
- Realised income	-	34,509	34,509	-	60,136	60,136
- Unrealised loss	-	(5,484)	(5,484)	-	(6,276)	(6,276)
	-	29,025	29,025	-	53,860	53,860
Accounting loss for the period	-	-	-	-	(3,165)	(3,165)
Accounting income available for distribution						
- Relating to capital gains	-	(1,595)	(1,595)	-	-	-
- Excluding capital gains	-	33,919	33,919	-	-	-
	-	32,324	32,324	-	-	-
Distribution during the year	-	-	-	-	(26,186)	(26,186)
Undistributed income carried forward	-	61,349	61,349	-	24,509	24,509
Undistributed income carried forward						
- Realised income	-	62,944	62,944	-	28,530	28,530
- Unrealised loss	-	(1,595)	(1,595)	-	(4,021)	(4,021)
	-	61,349	61,349	-	24,509	24,509
			(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>54.1067</u>			<u>50.7245</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Note	For the half year ended December 31,		For the quarter ended December 31,	
		2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income / (loss) for the period before taxation		33,039	(3,165)	19,334	(8,803)
Adjustments					
Net unrealised diminution / (appreciation) on remeasurement of investments at fair value through profit or Unrealised diminution in the fair value of future contracts	5.8	1,595	4,021	(1,291)	(6,973)
Capital gain on sale of investments		-	-	-	5,952
Provision against Sindh Workers' Welfare Fund		(739)	(5,044)	(460)	(5,067)
Impairment loss on investments		674	-	394	(115)
		-	24,925	-	24,925
		34,569	20,737	17,977	9,919
(Increase) / decrease in assets					
Profit receivable		(3,735)	966	(3,987)	(1,596)
Receivable against sale of securities		-	(33,569)	-	44,137
Deposits and other receivables		(217)	5,478	(197)	65,239
		(3,952)	(27,125)	(4,184)	107,780
(Decrease) / increase in liabilities					
Payable to the Management Company		(226)	(618)	230	(100)
Payable to the Trustee		(48)	(26)	4	(34)
Payable to Securities and Exchange Commission of Pakistan		(423)	(361)	29	121
Accrued expenses and other liabilities		(3,002)	(62,870)	(222)	(65,643)
		(3,699)	(63,875)	41	(65,656)
Investment-net		(195,691)	140,199	66,241	131,040
Net cash (used in) / generated from operating activities		(168,773)	69,936	80,075	183,083
CASH FLOWS FROM FINANCING ACTIVITIES					
Amount received on issue of units		78,445	1,018,866	44,905	1,018,866
Payment against redemption of units		(53,997)	(1,177,062)	(23,732)	(1,203,428)
Dividend paid		-	(26,186)	-	-
Net cash generated from / (used in) financing activities		24,448	(184,382)	21,173	(184,562)
Net (decrease) / increase in cash and cash equivalents		(144,325)	(114,446)	101,248	(1,479)
Cash and cash equivalents at beginning of the period		342,409	414,544	96,836	301,577
Cash and cash equivalents at end of the period	4.2	198,084	300,098	198,084	300,098

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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 registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. 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 musharaka (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 the Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained Asset Manager rating of "AM3++" to the Management Company as at August 9, 2019. PACRA has also maintained fund stability rating of "A-(f)" to the Fund as at October 30, 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information 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 Accounting Standards (IAS) 34, Interim Financial Reporting, 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; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.
- 2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain investments are measured at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

- 3.1** The accounting policies adopted in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2019.
- 3.2** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2019.
- 3.3** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2019 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

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		(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
In savings accounts	4.1	11,241	78,400
In current account		67	67
		11,308	78,467

4.1 Mark-up rates on these accounts range between 11.25% to 11.50% per annum (2019: 6.50% to 11% per annum).

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
4.2 CASH AND CASH EQUIVALENTS			
Bank balances	4	11,308	78,467
Market Treasury Bills	5.3	128,582	213,755
Term deposit receipts		-	50,187
Commercial paper	5.6	23,182	-
Letter of placement	5.7	35,012	-
		198,084	342,409

5. INVESTMENTS

At fair value through profit or loss

- Debt securities - Term Finance Certificates	5.1	162,360	190,351
- Debt securities - Sukuk Certificates	5.2	-	35,000
- Government securities	5.3	386,408	213,755
- Listed equity shares securities	5.4	-	-
- Preference shares	5.5	-	-
- Term deposit receipts (TDR)		-	50,187

At amortised cost

- Commercial paper	5.6	23,182	-
- Letter of placement	5.7	35,012	-
		606,962	489,293

5.1 Debt securities - Term Finance Certificates

Name of Investee Company	Face value per certificate	Number of certificates				Balance as at December 31, 2019			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, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019	Carrying value	Market value	Unrealised appreciation/ (diminution) as at December 31, 2019			
	(Rupees)					-----Rupees in '000-----			----- % -----		
Term finance certificates - listed											
Commercial Banks											
Summit Bank Limited - (note 5.1.2)	5,000	5,000	-	-	5,000	24,925	-	-	-	-	-
Less: provision for impairment						(24,925)					
Technology & Communication											
Worldcall Telecom Limited- (note 5.1.3)	5,000	20,000	-	-	20,000	34,235	-	-	-	-	-
Less: provision for impairment						(34,235)					
Cement											
Dewan Cement Limited - (note 5.1.4)	5,000	20,000	-	-	20,000	100,000	-	-	-	-	-
Less: provision for impairment						(100,000)					
Miscellaneous											
Pace Pakistan Limited- (note 5.1.5)	5,000	115	-	-	115	574	-	-	-	-	-
Less: provision for impairment						(574)					
Term finance certificates - unlisted											
Technology & Communication											
TPL Corporation Limited (formerly TPL Trakker Limited)	100,000	780	-	780	-	-	-	-	-	-	-
Commercial Banks											
Silk Bank Limited	5,000	20,000	-	-	20,000	90,199	88,659	(1,540)	14.61	14.38	4.43
The Bank of Punjab	100,000	750	-	-	750	74,179	73,701	(478)	12.14	11.95	2.95
Total - December 31, 2019						164,378	162,360	(2,018)			
Total - June 30, 2019						195,658	190,351	(5,307)			

5.1.1 Significant terms and conditions of term finance certificate are as follows:

Name of security	Face value per certificate	Redeemed face value per certificate	Mark-up rate (per annum)	Maturity	Rating
	(Rupees)	(Rupees)			
Silk Bank Limited	5,000	4,998	6 month KIBOR + 1.85%	August 10, 2025	A-
The Bank of Punjab	100,000	99,880	6 month KIBOR + 1%	December 23, 2026	AA-

5.1.2 The Term Finance Certificates (TFCs) of Summit Bank Limited (SBL) had an original maturity of October 27, 2018. An extra ordinary general meeting was called 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.

5.1.3 The Term Finance Certificates (TFCs) of Worldcall Telecom Limited (WTL) had an original maturity of October 07, 2013. WTL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f November 8, 2012. Accordingly the outstanding investment had been fully provided.

5.1.4 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 had also defaulted in payment of principal and profit for the said period. As a matter of prudence, the Fund had 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.

5.1.5 The Term Finance Certificates (TFCs) of Pace (Pakistan) Limited (PPL) had an original maturity of October 07, 2013. PPL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f September 5, 2011. Accordingly the outstanding investment had been fully provided.

Name of Investee Company	Face value per certificate	Number of Certificates				Balance as at December 31, 2019			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, 2019	Purchased during the period	Sold / redeemed during the period	As at December 31, 2019	Carrying value	Market value	Appreciation/ (diminution)			
Sukuk certificates - unlisted		----- (Rupees in '000) ----- % -----									
Hub Power Company Limited -note (5.2.1)	5,000	7,000	-	7,000	-	-	-	-	-	-	-
New Allied Electronics Industries (Private) Limited -note (5.2.2)	313	96,000	-	-	96,000	30,000	-	(30,000)	-	-	-
Less: Impairment recognised in the income statement in prior years						(30,000)	-	(30,000)			
						-	-	-			
Total - December 31, 2019						-	-	-			
Total - June 30, 2019						35,000	35,000	-			

- 5.2.1** Th Hub Power Company Limited issued sukook certificate on February 17, 2019, which has been matured on November 27, 2019. It carried mark up at the rate 3-month KIBOR plus 100 bps.
- 5.2.2** 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 had been fully provided for the amount of the Investment in accordance with the requirements of Circular No. 1 of 2009 dated January 6, 2009.

5.3 Government securities

Name of security	Face Value				Balance as at December 31, 2019			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 December 31, 2019	Carrying Value	Market value	Unrealised appreciation as at December 31, 2019		
----- Rupees in '000' ----- % -----									
Market treasury bills									
Market Treasury Bills- 3 months - note (5.3.1)	215,000	505,000	635,000	85,000	83,947	83,929	(18)	13.83	13.61
Market Treasury Bills- 6 months - note (5.3.2)	-	45,000	-	45,000	44,655	44,653	(2)	7.36	7.24
Market Treasury Bills- 12 months - note (5.3.2)	-	464,00	285,000	179,000	164,459	164,138	(321)	27.04	26.62
Pakistan Investment Bonds									
Pakistan Investment Bonds- 3 year - note (5.3.3)	-	100,000	-	100,000	92,924	93,688	764	15.44	15.20
Pakistan Investment Bonds- 5 year	-	50,000	50,000	-	-	-	-	-	-
Total - December 31, 2019					385,985	386,408	423		
Total - June 30, 2019					213,933	213,755	(178)		

- 5.3.1** On December 09, 2019, the Fund transferred Market Treasury Bills of Rs. 50 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 and DFC Market.
- 5.3.2** The cost of investment as at December 31, 2019 amounts to Rs. 284.509 million (June 30, 2019: 210.502 million). They carry profit at the rate of 13.46% (June 30, 2019: 10.92%) per annum and will mature from January 16, 2020 to October 22, 2020.
- 5.3.3** The cost of investment as at December 31, 2019 amounts to Rs. 92.924 million (June 30, 2019: Nil). They carry profit at the rate of 9% (June 30, 2019: Nil) per annum and will mature from January 16, 2020 to September 22, 2020.

5.4 Listed equity securities-spread transactions

Name of Investee Company	Number of Shares					Balance as at December 31, 2019			Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size
	At July 1, 2019	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2019	Carrying value	Market value	Diminution			
Face value of Rs. 10/- per share						-----Rupees in '000'-----			-----%		
International Steel Mills	-	31,500	-	31,500	-	-	-	-	-	-	
Total - December 31, 2019						-			-		

5.5 Preference shares

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.

5.6 Commercial Paper

Name of Investee Company	Rate of return per annum	----- Face value -----				Carrying value	Maturity	Rating	Face Value as percentage of total investments	Face Value as percentage of net assets
		As at July 01, 2019	Purchased during the year	Matured / sold during the year	As at December 31, 2019					
-----Rupees in '000'-----						-----%				
TPL Holding (Private) Limited	15.90%	-	23,182	-	23,182	23,182	11-Jan-20	A-1	3.82	3.76
Total - December 31, 2019						23,182 23,182				

5.7 Letter of Placement

Name of Investee Company	Rate of return per annum	----- Face value -----				Carrying value	Maturity	Rating	Face Value as percentage of total investments	Face Value as percentage of net assets
		As at July 01, 2019	Purchased during the year	Matured / sold during the year	As at December 31, 2019					
-----Rupees in '000'-----						-----%				
Pak Oman Investment Company Limited	13%	-	35,000	35,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	13%	-	35,012	-	35,012	35,012	2-Jan-20	AA+	5.77	5.68
Total - December 31, 2019						35,012 35,012				

5.8 Net unrealised appreciation / (diminution) on re-measurement of investments as 'financial assets at fair value through profit or loss'

	(Unaudited) December 31, 2019	(Audited) June 30, 2019
	548,768	439,106
	(550,363)	(444,590)
	<u>(1,595)</u>	<u>(5,484)</u>

----- (Rupees in '000) -----

Market value of investments
Carrying amount of investments

5.9 Details of Non-compliant Investment

The Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 16 dated July 7, 2010 has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the collective investment schemes or with the investment requirements of their constitutive documents.

Name of non compliant investment	Note	Issue date	Type of investment	Value of investment	Provision held if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
Non-compliance under NBFC Regulation 55 (5)								
Silk Bank Limited TFC	5.1 & 5.8.1	10-Aug-17	Term Finance Certificate	88,659	-	88,659	14.38%	14.01%
Non-compliance under NBFC Regulation 55 (9)								
Silk Bank Limited TFC	5.1 & 5.8.2	10-Aug-17	Term Finance Certificate	88,659	-	88,659	14.38%	14.01%
The Bank of Punjab	5.1 & 5.8.2	26-Dec-16	Term Finance Certificate	73,701	-	73,701	11.95%	11.65%
				162,360	-	162,360	26%	25.66%
Non-compliance under via circular no.7 of 2009								
Security Leasing Corporation Limited	5.7 & 5.8.3	-	Preference shares	10,663	(10,663)	-	-	-

- 5.8.1** As per the NBFC and NE Regulations, 2008, regulation 55 sub-regulation (5), the exposure of Collective Investment Scheme to any single entity shall not exceed the lower of an amount equal to 10% of the total net assets of the Collective Investment Scheme or 10% of the debt issue. The Fund at the period ended December 31, 2019 stands non compliant with this regulation due to holding investments as shown above.
- 5.8.2** As per the NBFC and NE Regulations, 2008, regulation 55 sub-regulation (9), the exposure of Collective Investment Scheme to any single sector shall not exceed 25% of the total net assets of the Collective Investment Scheme. The Fund at the period ended December 31, 2019 stands non compliant with this regulation due to holding investments as shown above.
- 5.8.3** In accordance with the investment criteria defined by the Securities and Exchange Commission of Pakistan via circular no. 7 of 2009 dated March 6, 2009, the Fund is not permitted to invest in preference shares of a company. However, the Fund holds preference shares of Security Leasing Corporation Limited (SLCL) as at December 31, 2019. The fact has been disclosed in note 5.7 of this condensed financial information.

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
6. PROFIT RECEIVABLE	Note	----- (Rupees in '000) -----	
Profit receivable on:			
- Term Finance and Sukuk Certificates		6,548	5,726
- Pakistan Investment Bonds		2,571	-
- Term Deposit Receipts		-	966
- Commercial Paper		1,717	-
- Letter of placement		12	-
- Bank deposits		351	772
		11,199	7,464
7. DEPOSITS AND OTHER RECEIVABLES			
Security deposits with Central Depository Company of Pakistan Limited		100	100
Security deposits with National Clearing Company of Pakistan Limited		2,954	2,750
Other receivables	7.1	92	79
		3,146	2,929

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2018, withholding tax on profit on debt paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II - 66417- R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. Other receivables include tax withheld on profit on debt amounts to Rs 0.079 million (2019: 0.079 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on profit on debt has been shown as other receivables as at December 31, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

			(Unaudited) December 31, 2019	(Audited) June 30, 2019
			----- (Rupees in '000) -----	
8.	PAYABLE TO MANAGEMENT COMPANY	Note		
	Remuneration	8.1	777	711
	Sales tax on management fees	8.2	101	92
	Expenses allocated by the Management Company	8.3	294	643
	Federal Excise Duty on Management Remuneration	8.4	4,141	4,141
	Other payable		48	-
			5,361	5,587

- 8.1** The Management Company has charged remuneration at the rate of 1.5% per annum (June 30, 2019: 1.5% per annum) based on the daily net assets of the fund. The amount of remuneration is being paid monthly in arrears.
- 8.2** Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.
- 8.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment

Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the management continued to charge expenses at the rate of 0.1 percent of the average annual net assets of the Fund for the periods i.e. from July 1, 2019 to December 31, 2019, being lower than actual expenses.

- 8.4** 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.

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 December 31, 2019 amounting to Rs 4.14 million (June 30, 2019: Rs 4.14 million) is being retained in the condensed interim financial statement of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the condensed interim financial information of the Fund, the net assets value of the Fund as at December 31, 2019 would have been higher by Re 0.3634 per unit (June 30, 2019: Re 0.3787 per unit).

			(Unaudited) December 31, 2019	(Audited) June 30, 2019
9. PAYABLE TO THE TRUSTEE	Note	-----	(Rupees in '000)	-----
Trustee fee	9.1	39	81	
Settlement charges payable to trustee		1	1	
Sindh Sales Tax on trustee fee and settlement charges	9.2	5	11	
		45	93	

- 9.1** The Trustee was entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on 0.17% of the daily net assets value of the Fund. However, tariff structure applicable to the Fund in respect of the trustee fee has been revised effective from July 01, 2019 where by the revised tariff is 0.075% of net assets. The remuneration is paid to the Trustee on monthly basis in arrears.

- 9.2** Sindh Sales Tax has been charged at the rate of 13% (June 30, 2019: 13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.

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			(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----		
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)				
Annual fee payable to SECP	10.1		58	481

10.1 'Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a Collective Investment Scheme categorised as a income scheme was required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the scheme. However, as per S.R.O. 685(i) / 2019 dated June 28, 2019, effective from July 01, 2019, all categories of Collective Investment Schemes are now required to pay annual fee at an amount equal to 0.02 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

			(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----		
11. ACCRUED EXPENSES AND OTHER LIABILITIES				
Auditors remuneration			187	388
NCCPL clearing charges payable			28	30
Provision for Sindh Workers' Welfare Fund	11.1		3,834	3,159
Withholding tax payable			46	2,841
Payable against redemption of units			4	-
Others			6,532	6,541
			10,631	12,959

11.1 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 0.5 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 with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the SWWF not been provided for the period, the NAV per unit of Fund would have been higher by Re 0.34 (June 30, 2019: Re 0.29).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2019 and June 30, 2019.

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the maximum limit is to be capped at 2.5% at daily average net assets of Fund, prescribed under NBFC Regulations of collective investment scheme categorised as Aggressive Fixed Income Scheme. The total expense ratio of the Fund for the half year ended December 31, 2019 is 1.22% (December 30, 2018: 1.25%), which includes 0.23% (December 31, 2018: 0.14%) representing Government levies, Provision for SWWF and SECP fee.

14. TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause I I A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001. Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 48 of Income Tax Ordinance, 2001). The management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for current and deferred tax has been made in this condensed financial information.

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited, being the Management ,Central Depository Company of Pakistan Limited, being the Trustee, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, directors, officers and other connected persons of the Management Company, and directors of the Company and their connected persons.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

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(Unaudited)
For the half year ended
December 31,
2019 2018
----- (Rupees in '000) -----

15.1 Transactions during the period

AKD Investment Management Limited - Management Company

Management remuneration - net	4,377	5,129
Sindh Sales Tax on management remuneration	569	676
Sales load	-	1
Allocated expenses	292	347

Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration	219	590
Sindh Sales Tax on trustee remuneration	29	77

Chief Financial Officer

Redemption of units Nil (2018: 5,325)	-	280
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: 250,257)	-	12,843
Dividend paid	-	17,123

Sindh Province Pension Fund

Purchase of units : Nil (2018: 41,293)	-	2,119
Dividend paid	-	2,825

(Un-audited) (Audited)
December 31, June 30,
2019 2019
----- (Rupees in '000) -----

15.2 Balances outstanding at the period / year end

AKD Investment Management Limited - Management Company

Management remuneration payable	777	711
Payable against expenses allocated by the Management Company	294	641
Federal excise duty payable on management remuneration	4,141	4,141
Sindh Sales tax payable on management remuneration	292	92
Other payable / receivable to Management Company	50	2

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	39	81
Sindh Sales Tax on trustee remuneration payable	5	11
Settlement charges payable	1	1
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)	448,459	423,713
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Sindh Province Pension Fund

Units held 1,375,033 (June 30, 2019: 1,375,033)	74,399	70,293
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16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Consequently, differences can arise between carrying values and the fair value estimates.

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed securities) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

		December 31, 2019 (Un-audited)						
		Carrying amount		Fair Value				
		Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----						
Note								
	Financial assets measured at fair value							
	Investments	548,768	-	548,768	-	548,768	-	548,768
16.1	Financial assets not measured at fair value							
	Investments	-	58,194	58,194				
	Bank balances	-	11,308	11,308				
	Profit receivable	-	11,199	11,199				
	Deposits and other receivables	-	3,067	3,067				
		83,768	83,768	83,768				
16.1	Financial liabilities not measured at fair value							
	Payable to the Management Company	-	5,313	5,313				
	Payable to the Trustee	-	45	45				
	Payable against Redemption of Units	-	4	4				
	Accrued expenses and other liabilities	-	2,961	2,961				
		8,323	8,323	8,323				
		----- June 30, 2019 (Audited) -----						
		Carrying amount		Fair Value				
		Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----						
Note								
	Financial assets measured at fair value							
	Investments	489,293	-	489,293	-	489,293	-	489,293
16.1	Financial assets not measured at fair value							
	Bank balances	-	78,467	78,467				
	Profit receivable on bank deposits and sukuk certificates	-	7,464	7,464				
	Deposits, prepayments and other receivables	-	2,850	2,850				
		88,781	88,781	88,781				
16.1	Financial liabilities not measured at fair value							
	Payable to the Management Company	-	5,587	5,587				
	Payable to Trustee	-	93	93				
	Accrued expenses and other liabilities	-	6,959	6,959				
		12,639	12,639	12,639				

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17. GENERAL

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

17.2 This condensed interim financial information are unaudited and have been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed.

17.3 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 21, 2020 by the Board of Directors of the Management Company.

**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.**

Printed by: KODWAVI

Head Office:

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:

Bungalow No. FL-3/12,
Ground Floor Block No. 5, KDA,
Scheme No. 24, Gulshan-e-Iqbal, Karachi.
Contact # 92-21-34823003-7

Abbottabad Branch:

Office No. 1 & 2, 2nd Floor, Zaman Plaza,
Near Complex Hospital,
Main Mansehra Road, Abbottabad.
Contact # 099-2381431-2

Lahore Branch:

Plaza # 250, 2nd Floor, Phase IV,
Block-FF, D.H.A., Lahore Cantt.
Contact # 0333-0342762-4

E-mail : info@akdinvestment.com
Website : www.akdinvestment.com