

Funds Managed by:
AKD Investment Management Ltd.

Quarterly Report
March 31, 2020
(Un-audited)



quarterly report



Partner with AKD
Profit from the Experience



AKD Investment
Management Ltd.

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MANAGEMENT COMPANY

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

Director
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 Limited
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*

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 Shakra-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 Shahrah-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)]

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 nine months report along with the Funds' reviewed financial statements for the period ended March 31, 2020.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 9MFY20, the return of AKD Opportunity Fund stood at -18.07% compared to the benchmark KSE-100 Index return of -13.78%.

AKD Index Tracker Fund (AKDITF)

For the 9MFY20, the return of AKD Index Tracker Fund stood at -14.65% compared to the benchmark KSE-100 Index return of -13.78%.

AKD Cash Fund (AKDCF)

For the 9MFY20, the annualized return of AKD Cash Fund stood at 12.80% compared to benchmark return of 12.62%.

AKD Aggressive Income Fund (AKDAIF)

For the 9MFY20, the annualized return of AKD Aggressive Income Fund stood at 14.14% compared to benchmark return of 13.58%.

AKD Islamic Income Fund (AKDISIF)

For the 9MFY20, the annualized return of AKD Islamic Income Fund stood at 12.42% compared to benchmark return of 6.33%.

AKD Islamic Stock Fund (AKDISSF)

For the 9MFY20, the return of AKD Islamic Stock Fund stood at -19.70% compared to the benchmark KMI-30 Index return of -16.75%.

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

For the 9MFY20, the return of Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund Limited) stood at -21.41% compared to the benchmark KSE-100 Index return of -13.78%.

MACRO PERSPECTIVE:

The Current Account Deficit (CAD) for 9MFY20 stood at \$2.768 billion (1.3% of GDP) as compared to \$10.284 billion (4.7% of GDP) in the same period last year (SPLY), exhibiting a significant decline of 73.08% YoY. The considerable improved performance was on the back of a decline in import of goods and services by 16.35% YoY to \$39.624 billion from \$47.366 billion while exports of goods illustrated a modest increase of 1.14% YoY to \$18.256 billion during the 9MFY20. In addition, overseas Pakistanis also supported the CAD by remitting \$16.991 billion as compared to \$16.032 billion SPLY, up by 5.98%.

On the fiscal front, the Federal Board of Revenue (FBR) managed to collect PKR 3.050 trillion during the 9MFY20. The FBR missed tax revenue targets by a whopping PKR 470 billion during 9MFY20 against the revised target of 3.520tr. During the month of March, FBR collection fell by 12%YoY to 325 billion due to stalled economic activity amid lockdown precautions to arrest the spread of COVID-19 virus in the country. The Economic slowdown due to the Pandemic has further damped the prospects of the FBR to achieve its targets or any other relevant economic target for that matter. As per reports FBR expects to collect PKR 4.70 trillion by year end against its revised target of PKR 5.238 trillion.

As per the Pakistan Bureau of Statistics (PBS), National Consumer Price Index (NCPI) for the month of March 2020 stood at 10.24% YoY which denotes the average inflation for 9MFY20 to 11.53% as compared to 6.31% SPLY. This significant increase in monthly inflation was primarily led by an increase in prices of Food and non- alcoholic beverages (weight 34.58%) by 14.69% YoY. Average Core Inflation (Non Food Non Energy) for Urban and Rural clocked in at 7.4% and 9.4% respectively in March 2020. In order to cushion the growth hampered by slowdown in economic activities, the State Bank of Pakistan (SBP) slashed the Target Policy Rate by 225 bps to 11 percent. Moreover the gap between Reverse repo rate and Target Policy rate has widened by 50bps to 100bps.

The Large Scale Manufacturing (LSM) witnessed a decline of 3.37% cumulatively for the 7MFY20 (July-January). Major decline was witnessed in sectors such as Automobiles (-36.07%), Coke & petroleum products (-10.59%), Pharmaceuticals (-5.77%), Iron & Steel products (-9.25%), and Electronics (-8.50%) during the period. On the other hand, there were some LSM related sectors that exhibited major positive growth which were Leather Products (11.15%), Fertilizers (4.53%), Paper & Board (6.77%), and Wood Products (25.07%).

During the 9MFY20, Pakistan was able to attract \$2.148 billion in Foreign Direct Investment (FDI) as compared to \$0.905 billion in the SPLY, exhibiting an increase of 137.34% YoY. Portfolio Investment in Pakistan's debt securities for 9MFY20 stood at \$331 million, which has shown an unprecedented increase due to attractive risk free yields offered during the period. During 3QFY20, the Pak rupee devalued against the US dollar by 6.84% to PKR 166.25 at the end of March against PKR 154.88 at the start of the year which was prompted by Net outflow from SCRA account. During March 2020, Pakistan witnessed a cumulative net outflow of \$1.872 billion from SCRA account as foreign investors squared their positions mainly from short term government securities it would seem on the back of expectations of a devaluation of the local currency following prospects of monetary easing.

The total liquid foreign exchange reserves of Pakistan stood at \$17.388 billion (\$6.202 billion net reserves with banks and \$11.186 billion net reserves with State Bank of Pakistan) as compared to \$17.417 billion SPLY. As per news reports the IMF in its support during the global pandemic has decided to provide one-year relief to support the country in its fight against spreading of the virus. The IMF Executive board has also approved the disbursement of \$1.386 billion to address COVID-19 Pandemic under a rapid financing instrument besides the facility already undertaken by Pakistan, which is expected to address fiscal/budget emergencies in the immediate term and shall not be subject to a comprehensive country wise reform program that undergoes reviews.

EQUITY REVIEW:

As expected the equity markets witnessed an extreme volatile period where the index after a prolonged bearish spell preceding the last two years reversed its negative trend during 1HFY20 after bottoming out at its five year low of 28,765pts during August 2019. The KSE-100 index provided 20.2% return during 1HFY20 where the index touched its 6 months high of 43,468 in mid of Jan 2020 on compelling valuations and much improved prospects of an economic recovery, supported by unprecedented interest by foreigners in the government securities debt market. However, the KSE-100 index succumbed to selling pressure as volatility over stalled economic activity and hefty dollar outflows, as foreign institutions exited both the equity and debt markets. The stock market ended on a depressed note with the index sliding down by 28.24% during 3QFY20 eroding all the gains of 1HFY20 and taking the cumulative 9MFY20 loss to 13.78%.

Encouraging participation was witnessed during the period with average daily traded volumes rising 19.66%YoY for 9MFY20 to 194.1 million shares as compared to 162.2 million witnessed during 9MFY19. Investors flocked to main board or index heavyweights companies where the share of KSE-100 volumes in overall market volumes averaged to 69.5% during 9MFY20 as compared to 59.5% witnessed during SPLY. Higher participation in the main board stocks would suggest improved investor confidence and overall optimism of the economy, which was primarily led by the positive sentiments from Aug-Jan 2020. However, during 3QFY20 average daily turnover decreased by 20.27% QoQ to 211 million shares as investors remained sidelined due to uncertainty over revival of economic activity following wide country lockdowns to contain the virus after the first case was reported in late February.

Significant sectors hampering the index down during 9MFY20 included: 1) Commercial Banks (-21.67%), 2) Oil and Gas Exploration Companies (-35.87%), 3) Power Generation and Distribution (-18.53%), 4) Oil Marketing Companies (-24.93%) and 5) Tobacco (-37.97%). Commercial Banks and Exploration sectors remained in limelight due to monetary easing and declining international Oil Prices (Brent: \$22.74/bbl., FYTD: -65.1%). Moreover, some of the losses were compensated due to positive contribution from Cement (+8.50%), Pharmaceuticals (6.12%) and Leather and Tanneries (62.87%).

Foreign Portfolio Investors were net seller during the period with cumulative outflow of US\$130.2mn during 9MFY20, as compared to an outflow of \$138.2mn in 3QFY20. Amongst domestic investor flows, individuals were net buyers (US\$144.4mn) aided by Insurance Companies (US\$94.0mn) and other Organizations (US\$25.1mn). This outflow was led by Mutual Funds (US\$85.10mn), Banks/DFI (US\$48.0mn) and Broker Proprietary Trading (US\$8.6mn).

Going forward we expect a reversal in the trend in index as significant correction of the market has opened up valuations where KSE-100 is currently trading at a forward P/E multiple of 5.4x compared to Asia Pacific regional average of 10.3x. SBP in its last Monetary Policy has further slashed interest rates by 2% to 9%, taking the cumulative monetary easing to 4.25%. Much awaited monetary easing will provide impetus to the index, along with the upcoming result announcements for the quarter ending March which will further drive direction of the index. However, recent announcement of relaxation in debt payment and disbursement of \$1.4 billion cannot be overlooked. Furthermore, the recently bailout package for the construction industry with an underlying "amnesty" scheme of sorts will eventually lead to positive economic activity, while in the meantime investors will remain focused for now on the spread of the virus and eventual opening of the country for business, as we believe this is an opportune time to accumulate stocks.

MONEY MARKET REVIEW:

During 9MFY20, twenty (20) T-Bill auctions were carried out by the SBP, where the Government successfully managed to raise PKR 12.44 trillion. Weighted average yield on the 3-month, 6-month, and 12-month period were 13.33%, 13.33%, and 13.20% respectively, as compared to 9.10%, and 9.41% respectively for same period last year. There was no participation recorded in the 12 month paper during 9MFY19. It is pertinent to note however that the 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 the short tenure papers as well.

To further address demand for liquidity, the SBP conducted nine (9) auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR 1,671.14 billion during 9MFY20 with weighted average maturity yield on 3-year, 5-year, and 10-year of 12.56%, 12.12%, and 11.98%, as compared to 9.07%, 10.29%, and 10.18% respectively, during the same period last year. It is pertinent to note that bids were received and accepted in 20-year tenure PIB with the weighted average yield of 11.80%, after a gap of more than 5 years. In the recent auction result held in mid of April, it was encouraging to note that the weighted average maturity yields for 5 year/ 10 years had fallen by 222.65bps/177.94bps to 8.7085%/ 8.9725% respectively.

The Monetary Policy Committee (MPC) announced six (6) Monetary Policy Statements (MPS) in 9MFY20 where the committee cut the interest rate cumulatively by 225bps to 11.00%. In its recent emergency MPS held on March 25th 2020, the MPC decided to cut the policy rate further by 150bps amid the Covid-19 pandemic with an aim to cushion the slowdown in growth rate while maintaining its inflation outlook. The SBP conducted 93 Open Market Operations (OMO) in 9MFY20 of different maturities, in which it injected an average amount of PKR561.20 billion per OMO at an average cut-off yield of 13.19%, and mopped up an average amount of PKR214.01 billion per OMO at an average cut-off yield of 12.49%.

As per the auction calendar of the SBP, it will raise PKR330 billion by issuing 3 year to 20 year tenor Pakistan Investment Bonds (PIBs) and PKR2.30 trillion by issuing 3 months to 12-months tenor T-Bills to pay back the maturing debt of PKR1.98 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:

Following the expectations of a contraction in the economy by various international organizations, the IMF estimates Pakistan's GDP to contract by 1.5% during FY20, a first in the country's history since its independence in 1947. The State Bank of Pakistan took an unorthodox step of curtailing the policy rate further by 200bps to 9% p.a. in its latest monetary policy in an attempt to support the ailing economy. The emergency rate cut came on back of improved inflation outlook following a plunge in commodity prices. Market positively reacted to the step taken by SBP and surged by 2,170 (6.93%) subsequent two days as the rate cut will provide much needed cushion primarily by reducing borrowing cost and debt service burden on individuals and firms, as well as maintain financial stability.

Like stock markets globally, commodities have been no exception and volatility in the international crude oil prices led by deteriorating fundamentals has pushed prices to historical lows and is expected to drive the local benchmark index as Oil and Gas exploration sector which represents 11.8% of the index weight with earnings linked to global crude prices. Monetary easing by the central bank is also expected to result in a decline in Net interest Income of the Banking sector (Index Weight: 25.4%). While on the one hand valuations remain compelling, investor sentiment will remain mixed to negative in the short term as index heavy weights absorb the new norm following the pandemic. With the upcoming result season, near term market performance will largely be guided by earnings reads and how well the market perceives that companies have performed during these testing times. The KSE-100 index currently trades at a forward Price-to-earnings (P/E) and Dividend Yield (DY) of 5.4x and 9.5% respectively as compared to Regional Markets P/E and DY of 10.3x and 3.3% respectively.

Reportedly, Pakistan has asked world lenders to provide debt relief to developing countries so that countries should focus on combating COVID-19 devastation efficiently where economic costs of containment remain substantial. Pakistan has paid \$7bn in first half of the Fiscal Year, whereas it is scheduled to pay another \$11.8bn, \$6.2bn, \$7.8bn and \$5.8bn during FY20-FY23 respectively. Pakistan is planning to renegotiate payment of some of its external debt which will help the country maintain its reserve positions and arrest volatility in the local currency. Recently the IMF announced the disbursement of \$1.4 billion to support Pakistan's efforts in containing the economic cost resulting from the virus, plus providing relaxation for repayment of loans for the upcoming year are significant positives, the impact of which will be much more visible as the country returns to normality. More importantly, the said incentives will support foreign exchange reserves and Current Account Deficit, while a stable Pak rupee will boost investor confidence and provide impetus to economic activity and in turn the stock market. On the Fixed Income side, in the recent auction result held in mid of April, weighted average maturity yields for 5 year/ 10 years had fallen by 222.65bps/177.94bps to 8.7085%/ 8.9725% respectively. This rapid decrease in short term and long term yields of Government bonds suggests a market consensus of a foreseeable decline in interest rates by the central bank. Recently Government of Pakistan has announced various fiscal measures to boost the economic

activity. The incentive offered include: PKR 200bn for labor unemployed due to Pandemic COVID, PKR 100bn tax refunds for Export Industry, Ehsas Program for Low income families, PKR 100bn and deferral of interest payment for SME, PKR 280 billion for procurement of Wheat, and deferent exemptions for construction sector. The said incentive may rejuvenate halted economic activity in the current crisis situation. Investor is closely watching the increase in cases of COVID-19 and resumptions of economic activity before making any investment decision.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim Memon
Chairman

Karachi: April 29, 2020

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 AKD AIF 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.

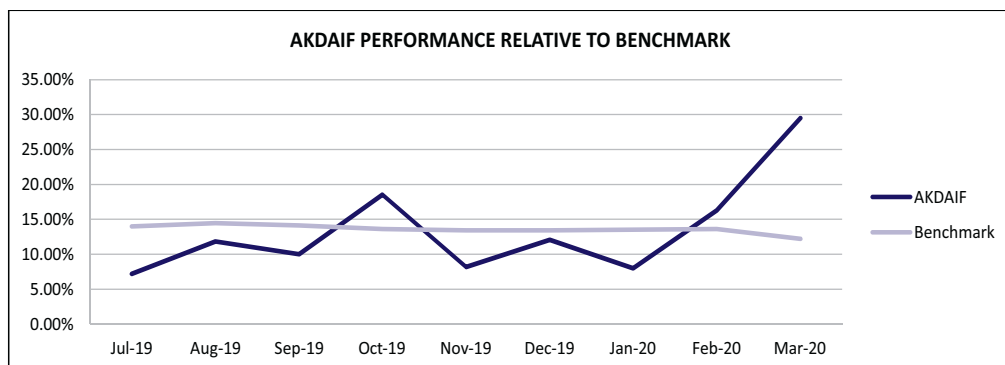
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 9MFY20, the annualized return of AKD Aggressive Income Fund stood at 14.14% as compared to the benchmark return of 13.58%.

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	Jan-20	Feb-20	Mar-20
AKDAIF	7.20%	11.83%	9.98%	18.53%	8.18%	12.05%	8.00%	16.26%	29.49%
Benchmark	13.97%	14.44%	14.12%	13.59%	13.42%	13.43%	13.50%	13.63%	12.19%

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 transactions and corporate debt instruments.

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

Asset Allocation (% of Total Asset)	31-Mar-20	31-Dec-19
Cash and cash equivalent	63.60%	48.06%
Placement with Banks and DFIs	-	5.53%
TFCs / SUKUK	24.53%	25.67%
Spread Transaction	1.66%	-
Other assets including receivables	2.01%	2.26%
Pakistan Investment Bonds	-	14.81%
Commercial papers	8.21%	3.66%

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	91,678	Nil	91,678	13.88%	13.53%
Bank of Punjab	TFC	74,498	Nil	74,498	11.28%	11.00%

ix) Analysis of the Collective Investment Scheme's performance

9MFY20 Return	14.14%
Benchmark (annualized)	13.58%

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

Net Asset Value			NAV Per Unit	
31-Mar-20	31-Dec-19	Change	31-Mar-20	31-Dec-19
(Rupees In "000")			Rs.	
660,470	616,520	7.13%	56.55	54.11

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 9MFY20 stood at \$2.768 billion (1.3% of GDP) as compared to \$10.284 billion (4.7% of GDP) in the same period last year (SPLY), exhibiting a significant decline of 73.08% YoY. The considerable improved performance was on the back of a decline in import of goods and services by 16.35% YoY to \$39.624 billion from \$47.366 billion while exports of goods illustrated a modest increase of 1.14% YoY to \$18.256 billion during the 9MFY20. In addition, overseas Pakistanis also supported the CAD by remitting \$16.991 billion as compared to \$16.032 billion SPLY, up by 5.98%.

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To further address demand for liquidity, the SBP conducted nine (9) auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR 1,671.14 billion during 9MFY20 with weighted average maturity yield on 3-year, 5-year, and 10-year of 12.56%, 12.12%, and 11.98%, as compared to 9.07%, 10.29%, and 10.18% respectively, during the same period last year. It is pertinent to note that bids were received and accepted in 20-year tenure PIB with the weighted average yield of 11.80%, after a gap of more than 5 years.

In the recent auction result held in mid of April, it was encouraging to note that the weighted average maturity yields for 5 year/ 10 years had fallen by 222.65bps/177.94bps to 8.7085%/ 8.9725% respectively.

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FUTURE OUTLOOK:

Following the expectations of a contraction in the economy by various international organizations, the IMF estimates Pakistan's GDP to contract by 1.5% during FY20, a first in the country's history since its independence in 1947. The State Bank of Pakistan took an unorthodox step of curtailing the policy rate further by 200bps to 9% p.a. in its latest monetary policy in an attempt to support the ailing economy. The emergency rate cut came on back of improved inflation outlook following a plunge in commodity prices. Market positively reacted to the step taken by SBP and surged by 2,170 (6.93%) subsequent two days as the rate cut will provide much needed cushion primarily by reducing borrowing cost and debt service burden on individuals and firms, as well as maintain financial stability.

Like stock markets globally, commodities have been no exception and volatility in the international crude oil prices led by deteriorating fundamentals has pushed prices to historical lows and is expected to drive the local benchmark index as Oil and Gas exploration sector which represents 11.8% of the index weight with earnings linked to global crude prices. Monetary easing by the central bank is also expected to result in a decline in Net interest Income of the Banking sector (Index Weight: 25.4%). While on the one hand valuations remain compelling, investor sentiment will remain mixed to negative in the short term as index heavy weights absorb the new norm following the pandemic. With the upcoming result season, near term market performance will largely be guided by earning reads and how well the market perceives that companies have performed during these testing times. The KSE-100 index currently trades at a forward Price-to-earnings (P/E) and Dividend Yield (DY) of 5.4x and 9.5% respectively as compared to Regional Markets P/E and DY of 10.3x and 3.3% respectively.

Reportedly, Pakistan has asked world lenders to provide debt relief to developing countries so that countries should focus on combating COVID-19 devastation efficiently where economic costs of containment remain substantial. Pakistan has paid \$7bn in first half of the Fiscal Year, whereas it is scheduled to pay another \$11.8bn, \$6.2bn, \$7.8bn and \$5.8bn during FY20-FY23 respectively. Pakistan is planning to renegotiate payment of some of its external debt which will help the country maintain its reserve positions and arrest volatility in the local currency. Recently the IMF announced the disbursement of \$1.4 billion to support Pakistan's efforts in containing the economic cost resulting from the virus, plus providing relaxation for repayment of loans for the upcoming year are significant positives, the impact of which will be much more visible as the country returns to normality. More importantly, the said incentives will support foreign exchange reserves and Current Account Deficit, while a stable Pak rupee will boost investor confidence and provide impetus to economic activity and in turn the stock market.

On the Fixed Income side, In the recent auction result held in mid of April, weighted average maturity yields for 5 year/ 10 years had fallen by 222.65bps/177.94bps to 8.7085%/ 8.9725% respectively. This rapid decrease in short term and long term yields of Government bonds suggests a market consensus of a foreseeable decline in interest rates by the central bank.

Recently Government of Pakistan has announced various fiscal measures to boost the economic activity. The incentive offered include: PKR 200bn for labor unemployed due to Pandemic COVID, PKR 100bn tax refunds for Export Industry, Ehsas Program for Low income families, PKR 100bn and deferral of interest payment for SME, PKR 280 billion for procurement of Wheat, and deferent exemptions for construction sector. The said incentive may rejuvenate halted economic activity in the current crisis situation. Investor is closely watching the increase in cases of COVID-19 and resumption of economic activity before making any investment decision.

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	69
10,000 - 49,999	16
50,000 - 99,999	1
100,000 - 499,999	5
500,000 and above	2
	93

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 MARCH 31, 2020

	Note	(Un-audited) March 31, 2020 ----- (Rupees in '000) -----	(Audited) June 30, 2019
Assets			
Bank balances	4	3,625	78,467
Investments	5	661,587	489,293
Profit receivable	6	7,296	7,464
Deposits and other receivables	7	6,310	2,929
Total assets		678,818	578,153
Liabilities			
Payable to the Management Company	8	5,579	5,587
Payable to the Trustee	9	48	93
Payable to Securities and Exchange Commission of Pakistan	10	90	481
Accrued expenses and other liabilities	11	12,631	12,959
Total liabilities		18,348	19,120
Net assets		660,470	559,033
Unit holders' fund (as per statement attached)		660,470	559,033
Contingencies and commitments			
	12	----- (Number of units) -----	
Number of units in issue		11,678,571	10,935,470
----- Rupees -----			
Net assets value per unit		56.5540	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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

	Note	Nine months period ended		Quarter ended	
		March 31,		March 31,	
		2020	2019	2020	2019
----- ('Rupees in '000) -----					
Income					
Net unrealised (diminution) / appreciation on remeasurement of investments 'at fair value through profit or loss'	5.8	3,096	(6,882)	4,695	(2,861)
Loss from spread transactions		30	(953)	30	-
Capital gain on sale of investment		6,583	5,825	5,844	781
Income from government securities		34,056	5,339	12,613	1,455
Income from term finance certificates and sukuk certificates		23,470	18,286	6,589	7,299
Income from term deposit receipts		393	3,126	-	1,560
Income from letter of placement		37	-	12	-
Income from commercial paper		3,207	430	2,146	-
Dividend income		-	4,928	-	-
Profit on bank deposits		1,631	15,126	463	6,620
Total income		72,503	45,225	32,392	14,854
Expenses					
Remuneration of the Management Company	8.1	6,748	7,244	2,371	2,115
Sales tax on the remuneration of the Management Company	8.2	877	966	308	290
Remuneration of the Trustee	9.1	337	843	119	253
Sales tax on the Trustee remuneration	9.2	44	116	15	39
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	90	372	32	112
Expenses allocated by the Management Company	8.3	450	496	158	149
Brokerage and settlement charges		177	665	94	6
Auditors' remuneration		294	421	93	119
Bank charges		63	31	28	4
Fee and subscription		277	331	83	95
Printing and related cost		113	118	37	50
Legal and professional charges		391	436	124	196
Impairment loss on investments		-	24,925	-	-
Provision against Sindh Workers' Welfare Fund		1,253	165	579	165
Total expenses		11,114	37,129	4,041	3,593
Net income / (loss) for the period before taxation		61,389	8,096	28,351	11,261
Taxation	14	-	-	-	-
Net income / (loss) for the period after taxation		61,389	8,096	28,351	11,261
Allocation of net income for the period					
Net income for the period after taxation		61,389	8,096	28,351	11,261
Income already paid on units redeemed		(1,886)	(5,494)	(1,171)	(1,063)
		59,503	2,602	27,180	10,198
Accounting income available for distribution					
Relating to capital gains		3,096	-	4,695	-
Excluding capital gains		56,407	2,602	22,485	10,198
		59,503	2,602	27,180	10,198

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 (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

	Nine months period ended		Quarter ended	
	March 31, 2020	2019	March 31, 2020	2019
	----- ('Rupees in '000) -----			
Net income / (loss) for the period after taxation	61,389	8,096	28,351	11,261
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	61,389	8,096	28,351	11,261

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

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Nine months period ended March 31, 2020			Nine months period ended March 31, 2019		
	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 2,287,811 units (2019: 24,665,867 units)						
- Capital value (at net asset value per unit at beginning of the period)	116,955	-	116,955	1,266,390	-	1,266,390
- Element of income	5,329	-	5,329	3,022	-	3,022
Total proceeds on issuance of units	122,284	-	122,284	1,269,412	-	1,269,412
Redemption of 1,544,710 units (2019: 27,401,673 units)						
- Capital value (at net asset value per unit at beginning of the period)	78,967	-	78,967	1,406,851	-	1,406,851
- Amount paid out of element of income relating to net income for the year after taxation	-	1,886	1,886	-	-	-
- Element of income	1,383	-	1,383	1,899	5,494	7,393
Total payments on redemption of units	80,350	1,886	82,236	1,408,750	5,494	1,414,244
Total comprehensive income for the period	-	61,389	61,389	-	8,096	8,096
Distribution for the period	-	-	-	-	(26,186)	(26,186)
Refund of capital	-	-	-	(3,763)	-	(3,763)
Net income for the period less distribution	-	61,389	61,389	(3,763)	(18,090)	(21,853)
Net assets at end of the period	571,942	88,528	660,470	531,903	30,276	562,179
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	-	-	-	-	8,096	8,096
Accounting income available for distribution						
- Relating to capital gains	-	3,096	3,096	-	-	-
- Excluding capital gains	-	56,407	56,407	-	-	-
	-	59,503	59,503	-	-	-
Distribution during the year	-	-	-	-	(26,186)	(26,186)
Undistributed income carried forward	-	88,528	88,528	-	35,770	35,770
Undistributed income carried forward						
- Realised income	-	85,432	85,432	-	37,158	37,158
- Unrealised loss	-	3,096	3,096	-	(6,882)	(6,882)
	-	88,528	88,528	-	30,276	30,276
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			51.1211			53.5418
Net assets value per unit at end of the period			56.5540			51.6843

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 CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

	Note	Nine months period ended		For the quarter ended	
		March 31,		March 31,	
		2020	2,019	2020	2,019
----- (Rupees in '000) -----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income / (loss) for the period before taxation		61,389	8,096	28,351	11,261
Adjustments					
Net unrealised diminution / (appreciation) on remeasurement of investments at fair value through profit Unrealised diminution in the fair value of future contracts	5.8	(3,096)	6,882	(4,695)	2,861
Capital gain on sale of investments		(6,583)	(5,825)	(5,844)	(781)
Provision against Sindh Workers' Welfare Fund		1,253	165	579	165
Impairment loss on investments		-	24,925	-	-
		52,963	34,243	18,391	13,506
(Increase) / decrease in assets					
Profit receivable		168	(110)	3,903	(1,042)
Receivable against sale of securities		-	1,081	-	34,650
Deposits and other receivables		(3,381)	10,505	(3,164)	4,993
		(3,213)	11,476	739	38,601
(Decrease) / increase in liabilities					
Payable to the Management Company		(8)	(536)	218	82
Payable to the Trustee		(45)	(24)	3	2
Payable to Securities and Exchange Commission of Pakistan		(391)	(250)	32	111
Payable on redemption of units		-	(11,394)	-	(11,394)
Payable against purchase of securities		-	(62,661)	-	-
Accrued expenses and other liabilities		(1,581)	(86)	1,424	123
		(2,025)	(74,951)	1,677	(11,076)
Investment-net		(126,118)	105,964	69,573	(34,235)
Net cash (used in) / generated from operating activities		(78,393)	76,732	90,380	6,796
CASH FLOWS FROM FINANCING ACTIVITIES					
Amount received on issue of units		122,284	1,265,649	43,839	246,783
Payment against redemption of units		(82,236)	(1,414,244)	(28,239)	(237,182)
Dividend paid		-	(26,186)	-	-
Net cash generated from / (used in) financing activities		40,048	(174,781)	15,600	9,601
Net (decrease) / increase in cash and cash equivalents		(38,345)	(98,049)	105,980	16,397
Cash and cash equivalents at beginning of the period		342,409	414,544	198,084	300,098
Cash and cash equivalents at end of the period	4.2	304,064	316,495	304,064	316,495

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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 February 08, 2020. 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 March 31, 2020

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) March 31, 2020	(Audited) June 30, 2019
4. BANK BALANCES	Note	----- (Rupees in '000) -----
In savings accounts	4.1	78,400
In current account		67
		3,558
		67
		3,625
		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) March 31, 2020	(Audited) June 30, 2019
4.2 CASH AND CASH EQUIVALENTS	Note	----- (Rupees in '000) -----
Bank balances	4	78,467
Market Treasury Bills	5.3	213,755
Term deposit receipts	5.6	50,187
Commercial paper	5.6	-
Letter of placement	5.7	-
		3,625
		300,439
		-
		-
		-
		304,064
		342,409

5. INVESTMENTS

At fair value through profit or loss

- Debt securities - Term Finance Certificates	5.1	166,176	190,351
- Debt securities - Sukuk Certificates	5.2	-	35,000
- Government securities	5.3	427,211	213,755
- Listed equity shares securities	5.4	12,588	-
- Preference shares	5.5	-	-
- Term deposit receipts (TDR)		-	50,187

At amortised cost

- Commercial paper	5.6	55,612	-
- Letter of placement	5.7	-	-
		661,587	489,293

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5.1 Debt securities - Term Finance Certificates

Name of Investee Company	Face value per certificate	Number of certificates				Balance as at March 31, 2020			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 March 31, 2020	Carrying value	Market value	Unrealised appreciation/ (diminution) as at March 31, 2020			

(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	-	-	-	-	-	-	-
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Commercial Banks

Silk Bank Limited	5,000	20,000	-	-	20,000	90,189	91,678	1,489	13.86	13.88	4.58
The Bank of Punjab	100,000	750	-	-	750	74,179	74,498	319	11.26	11.28	2.98

Total - March 31, 2020

164,368	166,176	1,808
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Total - June 30, 2019

195,658	190,351	(5,307)
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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
Silk Bank Limited	(Rupees) 5,000	(Rupees) 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.

5.2 Debt securities - Sukuk Certificates

Name of Investee Company	Face value per certificate	Number of Certificates				Balance as at March 31, 2020			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 March 31, 2020	Carrying value	Market value	Appreciation/ (diminution)			

(Rupees)

(Rupees in '000)

%

Sukuk certificates - unlisted

Hub Power Company Limited-note (5.2.1)

5,000	7,000	-	7,000	-	-	-	-	-	-	-
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New Allied Electronics Industries (Private) Limited-note (5.2.2)

313	96,000	-	-	96,000	30,000	-	(30,000)	-	-	-
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Less: Impairment recognised in the income statement in prior years

(30,000)	-	(30,000)	-	-	-	-
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Total - March 31, 2020

-	-	-
---	---	---

Total - June 30, 2019

35,000	35,000	-
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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.

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5.3 Government securities

Name of security	Face Value				Balance as at March 31, 2020			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 March 31, 2020	Carrying Value	Market value	Unrealised appreciation as at March 31, 2020		
----- Rupees in '000' ----- % -----									
Market treasury bills									
Market Treasury Bills- 3 months - note (5.3.1)	215,000	1,428,000	1,338,000	305,000	299,905	300,439	534	45.41	45.49
Market Treasury Bills- 6 months	-	45,000	45,000	-	-	-	-	-	-
Market Treasury Bills- 12 months	-	659,000	524,000	135,000	126,092	126,772	680	19.16	19.19
Pakistan Investment Bonds									
Pakistan Investment Bonds- 3 year	-	200,000	200,000	-	-	-	-	-	-
Pakistan Investment Bonds- 5 year	-	100,000	100,000	-	-	-	-	-	-
Total - March 31, 2020					425,997	427,211	1,214		
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.

5.4 Listed equity securities-spread transactions

Name of Investee Company	Number of Shares					Balance as at March 31, 2020			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 March 31, 2020	Carrying value	Market value	Diminution			
Face value of Rs. 10/- per share											
----- Rupees in '000' ----- % -----											
International Steel Mills	-	31,500	-	31,500	-	-	-	-	-	-	
Lotte Chemical Pakistan Limited	-	155,000	-	-	155,000	1,446	1,524	78	0.23	0.23	
Sui Southern Gas Company Limited	-	250,000	-	-	250,000	2,625	2,900	275	0.44	0.44	
TRG Pakistan Limited	-	587,000	-	-	587,000	7,159	8,164	1,005	1.23	1.24	
Total - March 31, 2020						11,230	12,588	1,358			

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.

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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 March 31, 2020					
-----Rupees in '000-----										
TPL Holding (Private) Limited	15.90%	-	23,182	23,182	-	-	11-Jan-20	A-1	-	-
TPL Tracker Limited	16.00%	-	55,612	-	55,612	55,612	14-Jul-20	-	8.42	8.42
Total - March 31, 2020					55,612	55,612				

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 March 31, 2020					
-----Rupees in '000-----										
Pak Oman Investment Company Limited 3%	-	-	35,000	35,000	-	-	-	-	-	-
Pak Oman Investment Company Limited 3%	-	-	35,012	35,012	-	-	2-Jan-20	AA+	-	-
Total - March 31, 2020					-	-				

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

(Unaudited) (Audited)
March 31, **June 30,**
2020 **2019**
 ----- (Rupees in '000) -----

Market value of investments	593,387	439,106
Carrying amount of investments	(590,365)	(444,590)
	<u>3,022</u>	<u>(5,484)</u>

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 March 31, 2020 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 March 31, 2020 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 March 31, 2020. The fact has been disclosed in note 5.7 of this condensed financial information.

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.

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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	91,678	-	91,678	13.88%	13.51%
Non-compliance under NBFC Regulation 55 (9)								
Silk Bank Limited TFC	5.1 & 5.8.2	10-Aug-17	Term Finance	91,678	-	91,678	13.88%	13.51%
The Bank of Punjab	5.1 & 5.8.2	26-Dec-16	Term Finance	74,498	-	74,498	11.28%	10.97%
				166,176	-	166,176	25.16%	24.48%
Non-compliance under via circular no.7 of 2009								
Security Leasing Corporation Limited	5.7 & 5.8.3	-	Preference shares	10,663	(10,663)	-	-	-

(Unaudited) (Audited)
March 31, June 30,
2020 2019

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

6. PROFIT RECEIVABLE

Profit receivable on:

- Term Finance and Sukuk Certificates	5,110	5,726
- Pakistan Investment Bonds	-	-
- Term Deposit Receipts	-	966
- Commercial Paper	1,853	-
- Letter of placement	-	-
- Bank deposits	333	772
	7,296	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	6,125	2,750
Other receivables	85	79
	6,310	2,929

8. PAYABLE TO MANAGEMENT COMPANY

Remuneration	8.1	830	777
Sales tax on management fees	8.2	108	101
Expenses allocated by the Management Company	8.3	452	294
Federal Excise Duty on Management Remuneration	8.4	4,141	4,141
Other payable		48	48
		5,579	5,361

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 March 31, 2020, 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 March 31, 2020 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 March 31, 2020 would have been higher by Re 0.35466 per unit (June 30, 2019: Re 0.3787 per unit).

	(Unaudited) March 31, 2020	(Audited) June 30, 2019
9. PAYABLE TO THE TRUSTEE	----- (Rupees in '000) -----	
Trustee fee	41	81
Settlement charges payable to trustee	1	1
Sindh Sales Tax on trustee fee and settlement charges	6	11
	48	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.

	(Unaudited) March 31, 2020	(Audited) June 30, 2019
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)	----- (Rupees in '000) -----	
Annual fee payable to SECP	90	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)	(Audited)		
			March 31,	June 30,		
			2020	2019		
	Note		----- (Rupees in '000) -----			
11. ACCRUED EXPENSES AND OTHER LIABILITIES						
Auditors remuneration			280	388		
NCCPL clearing charges payable			26	30		
Provision for Sindh Workers' Welfare Fund	11.1		4,413	3,159		
Withholding tax payable			18	2,841		
Payable against redemption of units			-	-		
Others			7,894	6,541		
			12,631	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 0.38 (June 30, 2019: Re 0.29).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2020 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 period ended March 31, 2020 is 1.96% 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:

	(Unaudited)	
	For the nine months period ended	
	March 31,	
	2020	2019
	----- (Rupees in '000) -----	
15.1 Transactions during the period		
AKD Investment Management Limited - Management Company		
Management remuneration - net	6,748	7,244
Sindh Sales Tax on management remuneration	877	966
Sales load	-	3
Allocated expenses	450	496
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	337	843
Sindh Sales Tax on trustee remuneration	44	116
AKD Investment Management Limited-Provident Fund Trust		
Purchase of units 73,877 (2019: 12,283)	4,100	
Redemption of units 57,563 (2019: 12,283)	3,202	-
Dividend paid	-	-
Chief Financial Officer		
Redemption of units Nil (2019: 12,283)	-	633
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 (2019: 250,257)	-	12,843
Dividend paid	-	17,123
Sindh Province Pension Fund		
Purchase of units : Nil (2019: 41,293)	-	2,119
Dividend paid	-	2,825

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	(Un-audited) March 31, 2020	(Audited) June 30, 2019
----- (Rupees in '000) -----		
15.2 Balances outstanding at the period / year end		
AKD Investment Management Limited - Management Company		
Management remuneration payable	830	711
Payable against expenses allocated by the Management Company	452	641
Federal excise duty payable on management remuneration	4,141	4,141
Sindh Sales tax payable on management remuneration	108	92
Other payable / receivable to Management Company	48	2
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	41	81
Sindh Sales Tax on trustee remuneration payable	6	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)	468,743	423,713
Sindh Province Pension Fund		
Units held 1,375,033 (June 30, 2019: 1,375,033)	77,764	70,293

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

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

		March 31, 2020 (Un-audited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
Financial assets measured at fair value								
	Investments	605,975	-	605,975	-	605,975	-	605,975
Financial assets not measured at fair value								
	Investments	-	55,612	55,612				
	Bank balances	-	11,308	11,308				
	Profit receivable	-	11,199	11,199				
	Deposits and other receivables	-	3,067	3,067				
		81,186		81,186				
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				
		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
Note		(Rupees in '000)						
Financial assets measured at fair value								
	Investments	489,293	-	489,293	-	489,293	-	489,293
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				
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				

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 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 April 29, 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.**

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