

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

**Quarterly Report**  
**March 31, 2019**  
**(Un-audited)**



# quarterly report



**Partner with AKD**  
**Profit from the**  
**Experience**



**AKD Investment  
Management Ltd.**

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## **MANAGEMENT COMPANY**

AKD Investment Management Limited  
216-217, Continental Trade Centre, Block-8,  
Clifton, Karachi-74000

## **BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

### **Chairman**

Mr. Abdul Karim

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

Mr. Imran Motiwala

### **Directors**

Ms. Anum Dhedhi

Mr. Ali Wahab Siddiqui

Mr. Hasan Ahmed

Mr. Saim Mustafa Zuberi

Ms. Aysha Ahmed

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

Mr. Muhammad Munir Abdullah

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

Mr. Muhammad Yaqoob Sultan, CFA

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

Mr. Rashid Ahmed

## **AUDIT COMMITTEE**

Mr. Ali Wahab Siddiqui (Chairman)

Mr. Hasan Ahmed (Member)

Mr. Saim Mustafa Zuberi (Member)

Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

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

Ms. Aysha Ahmed (Chairman)

Mr. Abdul Karim (Member)

Mr. Imran Motiwala (Member)

Ms. Anum Dhedhi (Member)

Mr. Saim Mustafa Zuberi (Member)

Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

## **RATING**

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

**CORPORATE  
INFORMATION**

## *Vision*

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

# *Mission Statement*

*AKD Fund shall continuously strive to:*

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

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF) AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its nine months report along with the Funds' unaudited financial statements for nine months ended March 31, 2019.

## FUNDS' FINANCIAL PERFORMANCE

### AKD Opportunity Fund (AKDOF)

For the 9MFY19, the return of AKD Opportunity Fund stood at -9.42% compared to the benchmark KSE-100 Index return of -7.78%.

### AKD Index Tracker Fund (AKDITF)

For the 9MFY19, the return of AKD Index Tracker Fund stood at -8.72% compared to the benchmark KSE-100 Index return of -7.78%.

### AKD Cash Fund (AKDCF)

For the 9MFY19, the annualized return of AKD Cash Fund stood at 7.20% compared to benchmark return of 7.97%.

### AKD Aggressive Income Fund (AKDAIF)

For the 9MFY19, the annualized return of AKD Aggressive Income Fund stood at 0.89% compared to benchmark return of 10.12%.

### AKD Islamic Income Fund (AKDISIF)

For the 9MFY19, the annualized return of AKD Islamic Income Fund stood at 7.50% compared to benchmark return of 3.26%.

### AKD Islamic Stock Fund (AKDISSF)

For the 9MFY19, the return of AKD Islamic Stock Fund stood at -14.07% compared to the benchmark KMI-30 Index return of -10.90%.

## MACRO PERSPECTIVE

The PTI led Government continued to adopt stringent measures to preserve depleting reserves, and reducing imports However, the depleting GDP growth prospect (3.5% GDP growth rate forecasted by SBP as compared to 5.8% in the corresponding period), worsening fiscal deficit, degradation from global money-laundering watchdog (FATF) over regulatory concerns, and continued delays in IMF bailout program kept the economy under pressure.

The Current Account Deficit (CAD) for 8MFY19 stood at \$8.84 billion (4.5% of GDP) as compared to \$11.42 billion (5.3% of GDP) in the same period last year (SPLY), exhibiting a decline of 22.56% YoY. This improved performance was on the back of a decrease in imports of goods by 2% YoY to \$35.26 billion from \$35.83 billion, along with an increase in remittances of 12% YoY to \$14.35 billion. However, exports of goods could not pick up as anticipated, and remained approximately the same at \$15.98 billion, while the increase in debt servicing eroded the foreign exchange reserves by 2.24% YoY to \$17.40 billion.

On the fiscal front, the Federal Board of Revenue (FBR) managed to collect PKR2.68 trillion during 9MFY19 which was around 1.02% higher YoY as compared to the tax collection of PKR2.624 trillion in the SPLY. Despite this modest increase, FBR failed to meet its target for 9MFY19, causing a shortfall of PKR317 billion making it difficult for the Government to achieve its desired target of around PKR4.40 trillion for FY19.

As per Pakistan Bureau of Statistics (PBS), during the 9MFY19, average Consumer Price Index (CPI) was recorded at 6.78% YoY as compared to 3.78% YoY, SPLY. Core CPI calculated by excluding food and energy items clocked in at an alarming 8.24% compared to 5.44%, SPLY. Moreover, the State Bank of Pakistan (SBP) had upward revised its FY19 target of CPI between the range of 6.5-7.5% YoY in its November 2018 MPS, above the annual target of 6%, and maintained this estimate in its latest monetary policy of March 2019, on the back of increased international oil prices, recent Rupee devaluation and increase in gas tariffs. Due to this higher expected inflation, and burgeoning twin deficits, SBP increased the policy rate by 325 bps, to 10.75% during 9MFY19.

According to SBP, The Agriculture sector is expected to underperform, and remain below its target in FY19, due to the increasing water crisis, which is likely to hamper agricultural output production. Moreover, slowdown in the services sector, along with manufacturing sector, has also caused the SBP to reduce its expected real GDP growth of approximately 3.5% for FY19.

The Large Scale Manufacturing (LSM) sector, which constitutes 80% of the total manufacturing and 11% of overall GDP, witnessed a decrease of 2.30% for 7MFY19 (July-January). Major growth was witnessed in sectors such as Electronics (19.22%), Wood Products (18.12%), Engineering Products (12.42%), Fertilizers (5.81%), and Rubber Products (3.22%). On the other hand, LSM sectors which exhibited negative growth were Iron & Steel Products (9.13%), Pharmaceuticals (9.00%), Automobiles (5.24%), Coke & Petroleum Products (4.78%) and Food, Beverages & Tobacco (4.26%).

During 8MFY19, Pakistan was able to attract \$1.62 billion in Foreign Direct Investment (FDI) which is around 22.60% lower as compared to the corresponding period last year. This massive decrease was mainly due to a fall in Chinese inflows, due to the Chinese IPP power generation projects being already undertaken, and insignificant investor confidence due to the delayed IMF program. Furthermore, the visit of the Saudi Crown Prince, Mohammad Bin Salman, accompanied by an influential Saudi business delegation concluded a series of multi-billion-dollar agreements (approximately \$21 billion in next 5 years) which, in turn, would help Pakistan in regaining its FDI momentum.

In our view, PKR-USD depreciation of 15.66% in 9MFY19, imposition of regulatory duties on various import items, and funds received through financial assistance from friendly countries provided some relief to the Balance of Payment situation. A prospective bailout package by IMF is looking very plausible and the issuance of Diaspora bonds for overseas Pakistanis along with an increase in remittances will provide a much-needed cushion to the external account.

Lastly, CPEC investments will continue to play a vital role in attracting investment in Pakistan and provide support to the deteriorating external account. Overall, clarity about the economic policies and reforms of the current government will remain a key determinant of the country's macro performance.

## **EQUITY MARKET REVIEW**

During 9MFY19, KSE-100 Index exhibited a decline of 7.78%, closing at 38,649.34 points. Despite a modest improvement seen in the index during the third quarter, the equity market remained under pressure on the back of depressed market participation arising from decreased investor confidence, stemming from weak economic conditions (balance of payment crisis, currency depreciation, and widening fiscal deficit) and continued foreign investor selling during the

period (FIPI recorded net selling of \$372.98 million). On the other hand, the average traded volume stood at 82.51 million shares as compared to 87.19 million shares in the SPLY showing a decline of 5.38% YoY.

Inflationary pressures continued to persist, primarily due to increase in food, housing and transport indices, which led the State Bank of Pakistan (SBP) to increase the policy rate by 325 bps to 10.75% during the 9MFY19. This prompted investors to realign their portfolios from equity market to fixed income instruments (T-bills, National Savings Schemes, PIBs, and Bank Deposits etc.) in pursuit of attractive returns.

Going forward, an expected increase in international crude oil price will provide an upside to the oil sector, improving earnings for the Exploration & Production (E&P) sector (Contributing to around 15.79% in KSE-100 Index). A major trigger for the sector would be any significant discovery in the outcome of offshore well Kekra-1, which will be positive for the sector as well as overall economy. On the other hand, rising interest rates would help the banking sector (Contributing to around 25.59% in KSE-100 Index) to regain its momentum, especially ones with the high current account portion and low PIB base.

However, improved liquidity emerging from the renewed investor confidence would still be a major driver for the market. Furthermore, improvement in macro-performance, and entry into an IMF program would bring more clarity, and possibly recover the market sentiments. Currently, the KSE -100 Index is trading at an attractive multiple of 6.99x and at a 46.68% discount in comparison to the emerging markets, offering potential upside for investors.

## **MONEY MARKET REVIEW**

During 9MFY19, twenty T-Bill auctions were carried out by the SBP, where government successfully managed to raise PKR13.53 trillion. Weighted average yield on 3-month and 6-month period were 9.10% and 9.41% respectively, as compared to 6.05%, and 6.01%, SPLY. There was no 12-month T-bill auctioned during the period.

To further address the need of liquidity, SBP conducted nine auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR441.01 billion during 9MFY19. The yields maintained an upward trend as weighted average maturity yield on 3-year, 5-year, and 10-year maturity rose to 9.08%, 10.30%, and 8.40%, as compared to 6.4%, 6.89%, and 7.94%, SPLY.

The government announced four Monetary Policy Statements (MPS) in 9MFY19, during which it increased the policy rate by 325bps cumulatively, thus taking the policy rate to 10.75%. State Bank of Pakistan conducted 29 Open Market Operations (OMO) in 9MFY19 of different maturities, and injected average amount of PKR758.69 billion per OMO at an average cut-off yield of 8.71%.

As per the SBP's auction calendar, government is targeting to raise PKR300 billion by issuing 3 to 20-year tenor Pakistan Investment Bonds (PIBs) and PKR3.3 trillion by issuing 3 to 12-month tenor T-Bills in next 3 months to pay back the maturing debt of PKR3.54 trillion. In addition, SBP will raise another PKR300 billion through the auction of a 10-Year Floating PIB.

## **FUTURE OUTLOOK**

Keeping in view the current economic situation, it is expected that Pakistan would continue to face severe challenges in FY19. On the external front, recent aid from friendly countries (Saudi, Chinese, and UAE) should provide external support during FY19, but possible entry into an IMF program still remains of paramount importance as the financial assistance haven't been able to solve liquidity concerns of the country completely.

Despite a gradual improvement in Current Account Deficit during 8MFY19, it still remains a major concern of the incumbent Government and needs urgent remedial measures to

decelerate imports, increasing exports, and further improve foreign inflows. However, shifting towards less costly alternative for power production, currency devaluation (15.66% in 9MFY19), and incentives provided to export oriented industries (reduced duties & Rebates) is expected to improve the external account situation. Oil credit facility from Saudi Arabia of \$6 billion will further support the CAD situation. Moreover, remittances are also expected to increase further owing to seasonal impact of Ramadhan, along with weakening currency which will further support the ailing economy. Furthermore, measures being taken to curb money laundering and hawala hundi system, will force the money to flow through official channels.

We believe a significant reversal in equity market will be more dependent on liquidity rather than valuations (The KSE-100 index trading at a Price-to-earnings (P/E) and Dividend Yield (DY) of 6.99x and 8.21% respectively as compared to Emerging Market P/E and DY of 13.11x and 2.71% respectively). The investor confidence level and foreign participation will play a major role in this regard.

On the Fixed Income side, a further increase in interest rates has further led to an economic slowdown. Yields on 6 Month T-Bills have surged from 6.90% to around 11.00% during 9MFY19 and are likely increase further by the end of 2019. However, equity markets will have to offer more to entice investors to compete with other asset classes (Pakistan Investment Bonds, Income Funds, National Savings Certificates and Bank Deposits) which are beginning to offer more attractive yields.

Lastly, we believe that there is high probability of Pakistan being removed from the MSCI emerging market in the upcoming review in May 2019, especially after its weight in the MSCI EM index falling to just above 3 bps. However, even if it is removed, it would come into effect after 18 months and isn't expected to cause any major negative activity in the market.

For and on behalf of the Board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim**  
Chairman

Karachi: April 27, 2019

# **AKD Cash Fund**

## **Financial Information - Third Quarter FY19**

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# AKD Cash 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

Askari Bank Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
United Bank Limited

## AUDITORS

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

## LEGAL ADVISER

Sattar & Sattar  
Attorneys -at -law  
3rd Floor, UBL Building,  
I.I. Chundrigar Road,  
Karachi

## REGISTRAR

AKD Investment Management Limited.  
216 - 217, Continental Trade Centre,  
Block-8, Clifton Karachi-74000  
UAN: 111-253-465 (111-AKDIML)

## DISTRIBUTOR

AKD Investment Management Limited  
AKD Securities Limited  
BMA Capital Management Limited  
First Street Capital (Pvt.) Limited  
Investomate (Pvt.) Limited  
Savings Lounge (Pvt.) Limited

## RATING

AKD CASH FUND  
PACRA: AA+(f) [Double A Plus (f)]

## FUND MANAGER'S REPORT

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

Open - end Money Market Scheme

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

The investment objective of the Fund is to provide optimum return consistent with minimal risk from a portfolio constituted of high quality short term securities / instruments, which will provide liquidity to investors. The fund exclusively invests in highly secure ('AA' and above) debt instruments such that the weighted average maturity of its assets stays below 90 days.

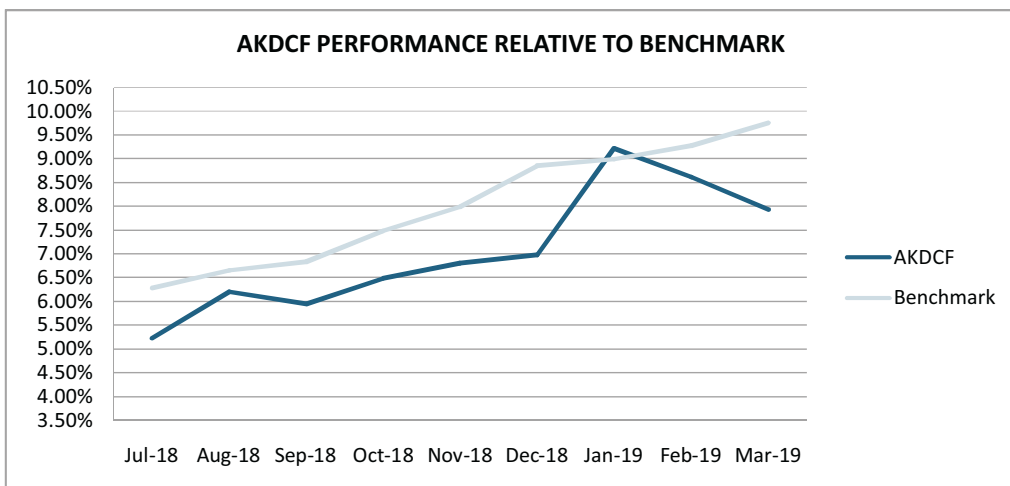
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the 9MFY19, the annualized return of AKD Cash Fund stood at 7.20% compared to benchmark return of 7.97%.

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

70% three (3) months PKRV rate + 30% three (3) months average deposit rate of three(3) AA rated scheduled Banks as selected by MUFAP.

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



Monthly yield (annualized)	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
<b>AKDCF</b>	5.23%	6.20%	5.95%	6.48%	6.81%	6.98%	9.22%	8.62%	7.94%
<b>Benchmark</b>	6.28%	6.65%	6.83%	7.49%	7.99%	8.86%	8.99%	9.27%	9.75%

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

AKD Cash Fund is an open - end Money Market Scheme. The returns of the funds are generated through investment in high quality short term government securities. AKDCF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

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

Asset Allocation (% of Total Assets)	31-Mar-19	31-Dec-18
Cash and Cash Equivalents	91.00%	84.88%
Other Assets Including Receivables	9.00%	15.12%

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

9MFY19 (annualized)	7.20%
Benchmark (annualized)	7.97%

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

Net Assets Value			NAV Per Unit	
31-Mar-19	31-Dec-18	Change in Net Assets	31-Mar-19	31-Dec-18
(Rupees in 000)			(Rupees)	
103,030	365,938	-71.84%	52.9921	51.8845

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

### MACRO PERSPECTIVE

The PTI led Government continued to adopt stringent measures to preserve depleting reserves, and reducing imports. However, the depleting GDP growth prospect (3.5% GDP growth rate forecasted by SBP as compared to 5.8% in the corresponding period), worsening fiscal deficit, degradation from global money-laundering watchdog (FATF) over regulatory concerns, and continued delays in IMF bailout program kept the economy under pressure.

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Keeping in view the current economic situation, it is expected that Pakistan would continue to face severe challenges in FY19. On the external front, recent aid from friendly countries (Saudi, Chinese, and UAE) should provide external support during FY19, but possible entry into an IMF program still remains of paramount importance as the financial assistance haven't been able to solve liquidity concerns of the country completely.

Despite a gradual improvement in Current Account Deficit during 8MFY19, it still remains a major concern of the incumbent Government and needs urgent remedial measures to decelerate imports, increasing exports, and further improve foreign inflows. However, shifting towards less costly alternative for power production, currency devaluation (15.66% in 9MFY19), and incentives provided to export oriented industries (reduced duties & Rebates) is expected to improve the external account situation. Oil credit facility from Saudi Arabia of \$6 billion will further support the CAD situation. Moreover, remittances are also expected to increase further owing to seasonal impact of Ramadhan, along with weakening currency which will further support the ailing economy. Furthermore, measures being taken to curb money laundering and hawala hundi system, will force the money to flow through official channels.

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On the Fixed Income side, a further increase in interest rates has further led to an economic slowdown. Yields on 6 Month T-Bills have surged from 6.90% to around 11.00% during 9MFY19 and are likely increase further by the end of 2019. However, equity markets will have to offer more to entice investors to compete with other asset classes (Pakistan Investment Bonds, Income Funds, National Savings Certificates and Bank Deposits) which are beginning to offer more attractive yields.

Lastly, we believe that there is high probability of Pakistan being removed from the MSCI emerging market in the upcoming review in May 2019, especially after its weight in the MSCI EM index falling to just above 3 bps. However, even if it is removed, it would come into effect after 18 months and isn't expected to cause any major negative activity in the market.

**xi) 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 Fund Manager's report, not otherwise disclosed in the financial statements:**

There was no significant change in the state of affairs during the period under review.

**xii) Break down of unit holding by size:**

Range (Units)	No. of Investors
0.1 - 9,999	245
10,000 - 49,999	15
50,000 - 99,999	3
100,000 - 499,999	7
500,000 and above	0
<b>Total</b>	<b>270</b>

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

There were no unit splits during the period.

**xiv) Disclosure of circumstances that materially affect any interest of unit holders:**

Investments are subject to credit and market risk.

**xv) 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 commission has been received by the AMC from its broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

		(Unaudited) March 31, 2019	(Audited) June 30, 2018
---- (Rupees in '000) ----			
<b>ASSETS</b>			
Bank balances	4	6,840	16,743
Investments	5	89,004	147,923
Profit receivable		211	50
Receivable against conversion of units		9,073	-
Deposits and prepayments		7	-
Other receivable		191	190
<b>Total assets</b>		<b>105,326</b>	<b>164,906</b>
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company	6	747	759
Payable to the Central Depository Company of Pakistan Limited - Trustee	7	24	20
Payable to Securities and Exchange Commission of Pakistan	8	105	93
Accrued expenses and other liabilities	9	1,420	821
<b>Total liabilities</b>		<b>2,296</b>	<b>1,693</b>
<b>NET ASSETS</b>		<b>103,030</b>	<b>163,213</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>103,030</b>	<b>163,213</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	---- (Number of units) ----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>1,944,252</b>	<b>3,103,325</b>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>		<b>52.9921</b>	<b>52.5930</b>
<b>FACE VALUE PER UNIT</b>		<b>50.0000</b>	<b>50.0000</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
**Anum Dhedhi**  
Director

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

	Note	For the Nine months ended		For the quarter ended	
		March 31,		March 31,	
		2019	2018	2019	2018
		(Rupees in '000)		(Rupees in '000)	
<b>INCOME</b>					
Capital loss on sale of investments - net		(184)	(17)	(56)	(5)
Profit / mark-up on:					
- Government securities		10,650	5,020	4,113	1,666
- Bank balances		1,561	404	504	100
		<b>12,027</b>	<b>5,407</b>	<b>4,561</b>	<b>1,761</b>
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - net	5.1.1	(34)	(10)	(7)	1
<b>Total income</b>		<b>11,993</b>	<b>5,397</b>	<b>4,554</b>	<b>1,762</b>
<b>EXPENSES</b>					
Remuneration of the Management Company	6.2	558	362	179	118
Sindh sales tax on remuneration of the Management Company	6.3	73	47	24	15
Remuneration of the Trustee	7.1	209	136	67	44
Sindh sales tax on remuneration of the Trustee		27	18	9	6
Annual fee to the Securities and Exchange Commission of Pakistan	8	105	68	34	22
Allocated expenses	6.4	140	91	45	30
Brokerage and settlement charges		21	6	7	3
Legal and professional charges		201	106	61	35
Bank charges		19	31	9	6
Fees and subscriptions		28	27	7	7
Auditors' remuneration		339	190	87	60
Provision against Sindh Workers' Welfare Fund	9.1	203	84	79	27
Printing and related costs		118	112	50	50
<b>Total expenses</b>		<b>2,041</b>	<b>1,278</b>	<b>658</b>	<b>423</b>
<b>Net income for the period before taxation</b>		<b>9,952</b>	<b>4,119</b>	<b>3,896</b>	<b>1,339</b>
Taxation	13	-	-	-	-
<b>Net income for the period after taxation</b>		<b>9,952</b>	<b>4,119</b>	<b>3,896</b>	<b>1,339</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		9,952	4,119	3,896	1,339
Income already paid on units redeemed		(6,916)	(1,734)	(6,200)	(532)
		<b>3,036</b>	<b>2,385</b>	<b>(2,304)</b>	<b>807</b>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		3,036	2,385	-	807
		<b>3,036</b>	<b>2,385</b>	<b>-</b>	<b>807</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

## AKD Cash Fund - Quarterly Report March 2019

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

	For the Nine months ended		For the quarter ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	(Rupees in '000)		(Rupees in '000)	
<b>Net income for the period after taxation</b>	<b>9,952</b>	4,119	<b>3,896</b>	1,339
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>9,952</b>	4,119	<b>3,896</b>	1,339

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

# AKD Cash Fund - Quarterly Report March 2019

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

	For the Nine months ended March 31, 2019			For the Nine months ended March 31, 2018		
	(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistrib- uted income	Total	Capital Value	Undistribut ed income	Total
<b>Net assets at the beginning of the period</b>	159,857	3,356	163,213	164,467	1,326	165,793
Issue of 13,933,660 units (2018: 7,250,347 units)						
- Capital value (at net asset value per unit at the beginning of the period)	700,535	-	700,535	364,251	-	364,251
- Element of income	18,787	-	18,787	4,319	-	4,319
Total proceeds on issuance of units	719,322	-	719,322	368,570	-	368,570
Redemption of 15,092,733 units (2018: 8,327,694 units)						
- Capital value (at net asset value per unit at the beginning of the period)	758,809	-	758,809	418,376	-	418,376
- Element of income	16,543	6,916	23,459	2,833	1,734	4,567
Total payments on redemption of units	775,352	6,916	782,268	421,209	1,734	422,943
Total comprehensive income for the period	-	9,952	9,952	-	4,119	4,119
Distribution during the period	-	(2,030)	(2,030)	-	-	-
Refund of Capital	(5,159)	-	(5,159)	-	-	-
Net income for the period less distribution	(5,159)	7,922	2,763	-	4,119	4,119
<b>Net assets at end of the period</b>	<b>98,668</b>	<b>4,362</b>	<b>103,030</b>	<b>111,828</b>	<b>3,711</b>	<b>115,539</b>
Undistributed income brought forward						
- Realised income		3,371			1,331	
- Unrealised loss		(15)			(5)	
		3,356			1,326	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		3,036			2,385	
		3,036			2,385	
Distribution during the period at Rs. 2.3165 per unit i.e. 4.63% of the par value of Rs. 50/- each (July 6, 2018)		2,030			-	
Undistributed income carried forward		4,362			3,711	
Undistributed income carried forward						
- Realised income		4,396			3,721	
- Unrealised loss		(34)			(10)	
		4,362			3,711	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net assets value per unit at the beginning of the period		52.5930			50.2391	
Net assets value per unit at the end of the period		52.9921			51.9807	

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

## AKD Cash Fund - Quarterly Report March 2019

### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

Note	For the Nine months ended March 31,		For the quarter ended March 31,	
	2019 (Rupees in '000)	2018	2019 (Rupees in '000)	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	9,952	4,119	3,896	1,339
<b>Adjustments for non-cash and other items</b>				
Unrealised diminution / (appreciation) on re-measurement of investments at fair value through profit or loss - net	34	10	7	(1)
Capital loss on sale of investments - net	184	17	56	5
Provision against Sindh Workers' Welfare Fund	203	84	79	27
	<b>10,373</b>	4,230	<b>4,038</b>	1,370
<b>Decrease / (increase) in assets</b>				
Investments - net	(218)	(27)	(63)	(4)
Profit receivable	(161)	398	394	(2)
Other receivable	(1)	-	(1)	-
Deposits and prepayments	(7)	(8)	6	7
	<b>(387)</b>	363	<b>336</b>	1
<b>(Decrease) / increase in liabilities</b>				
Payable to AKD Investment Management Limited - Management Company	(12)	(252)	(81)	37
Payable to Central Depository Company of Pakistan Limited - Trustee	4	(62)	(24)	2
Payable to the Securities and Exchange Commission of Pakistan	12	(45)	34	22
Accrued expenses and other liabilities	396	(756)	470	20
	<b>400</b>	(1,115)	<b>399</b>	81
<b>Net cash generated from operating activities</b>	<b>10,386</b>	3,478	<b>4,773</b>	1,452
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts / (Payments) against issuance / (redemptions) issuance of units - net	(77,178)	(64,128)	(221,057)	(6,480)
Cash distributions paid during the period	(2,030)	-	-	-
<b>Net cash used in financing activities</b>	<b>(79,208)</b>	(60,650)	<b>(221,057)</b>	(6,480)
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(68,822)</b>	(60,650)	<b>(216,284)</b>	(5,028)
Cash and cash equivalents at the beginning of the period	164,666	177,466	312,128	121,844
<b>Cash and cash equivalents at the end of the period</b>	<b>95,844</b>	116,816	<b>95,844</b>	116,816

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

## NOTES TO CONDENSED INTRIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

### 1 LEGAL STATUS AND NATURE OF BUSINESS

AKD Cash Fund (the Fund) was established under the Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorized constitution of the Trust Deed on August 15, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

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 principal activity of the Fund is to make investments in market treasury bills and bank deposits. Title of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund. The Fund is classified as a "Money Market Fund".

The Pakistan Credit Rating Agency Limited (PACRA) has maintained Asset Manager Rating of 'AM3++' to the Management Company as at February 8, 2019. PACRA has also maintained fund stability rating of "AA+(f)" to the fund as at December 28, 2018.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Accounting standard (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 along with part VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the

requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do 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, 2018.

These condensed interim financial statements are unaudited. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at March 31, 2019.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT**

- 3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for the change in accounting policy as explained in note 3.3.
- 3.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.
- 3.3 Standards and amendments to published accounting and reporting standards that are effective in the current period**

The Securities and Exchange Commission of Pakistan has extended the effective date of applicability of IFRS 9: "Financial Instruments" till 'reporting period / year ending on or after June 30, 2019' with an option for early adoption vide its notification SRO 229(1)/2019 dated February 14, 2019. The Fund has made an early adoption of IFRS 9: "Financial Instruments" effective from July 1, 2018.

IFRS 9 has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model

for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these condensed interim financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual accounting periods beginning on July 1, 2018 that have a material effect on these condensed interim financial statements of the Fund.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after January 1, 2019. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

## AKD Cash Fund - Quarterly Report March 2019

		(Unaudited) March 31,	(Audited) June 30,
	Note	2019	2018
		---- (Rupees in '000) ----	
<b>4 BANK BALANCES</b>			
- In saving accounts	4.1	6,830	16,732
- In current accounts		10	11
		<u>6,840</u>	<u>16,743</u>
<b>4.1</b>	The rate of return on these accounts ranges from 8.25% to 9.75% per annum (June 30, 2018 : 4.5% to 6.00%)		
		(Unaudited) March 31,	(Audited) June 30,
	Note	2019	2018
		---- (Rupees in '000) ----	
<b>4.2 CASH AND CASH EQUIVALENTS</b>			
Bank balances	4	6,840	16,743
Market Treasury Bills	5.1.1	89,004	147,923
		<u>95,844</u>	<u>164,666</u>
<b>5 INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss</b>			
- Government securities - Market Treasury Bills	5.1	89,004	147,923

5.1 Financial assets 'at fair value through profit or loss' - net

5.1.1 Government securities - Market Treasury Bills

Tenor	Face Value				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of investments
	At July 1, 2018	Purchased during the period	Sold / matured during the period	As at March 31, 2019	Carrying Value	Market value	Unrealised (diminution) / appreciation as at December 31, 2018		
----- Rupees in '000 '-----								----- %-----	
3 months	149,000	777,000	836,000	90,000	89,038	89,004	(34)	86%	100%
	149,000	777,000	836,000	90,000	89,038	89,004	(34)		
<b>Total - March 31, 2019</b>					<b>89,038</b>	<b>89,004</b>	<b>(34)</b>		
Total - June 30, 2018					147,938	147,923	(15)		

5.1.1.1 These carry profit at the rate of 10.46% to 10.48% (June 30, 2018: 6.17% to 6.76%) per annum and will mature on May 9, 2019 (June 30, 2018: July 19, 2018 to August 30, 2018).

## AKD Cash Fund - Quarterly Report March 2019

		(Unaudited) March 31, 2019	(Audited) June 30, 2018
<b>6</b>	<b>PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>	<b>---- (Rupees in '000) ----</b>
	Federal excise duty and other related taxes payable on management remuneration	6.1	669
	Management remuneration payable	6.2	56
	Sindh sales tax payable on management remuneration	6.3	7
	Payable against allocated expenses	6.4	15
		<b>747</b>	<b>759</b>

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

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

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

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

In view of the above, the Fund discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till June 30, 2018 amounting to Rs 0.67 million (June 30, 2018: Rs 0.67 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at March 31, 2019 would have been higher by Re 0.34 (June 30, 2018: Re 0.2155) per unit.

- 6.2** The Management Company has charged remuneration of an amount not exceeding 0.4% per annum of the average daily net assets. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 6.3** During the period, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (June 30, 2018: 13%).

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

	Note	(Unaudited) March 31,	(Audited) June 30,
		2019	2018
<b>7 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
---- (Rupees in '000) ----			
Trustee remuneration payable	7.1	21	18
Sindh Sales Tax payable on trustee remuneration	7.2	3	2
		<u>24</u>	<u>20</u>

- 7.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. In the current period the Management Company has charged trustee fee at the rate of 0.15 percent per annum, of the average annual net assets of the Fund.

- 7.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the trustee fee through the Sindh Sales Tax on Services Act, 2011.

### **8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to pay as 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 Fund.

	Note	(Unaudited) March 31,	Audited June 30,
		2019	2018
<b>9 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
---- (Rupees in '000) ----			
Provision against Sindh Workers' Welfare Fund	9.1	562	359
Withholding tax payable (deducted on capital gains)		443	31
Auditors' remuneration payable		177	211
Brokerage payable		5	2
Rating fee payable		116	141
Others		117	77
		<u>1,420</u>	<u>821</u>

- 9.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 (now applicable Companies Act, 2017), mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

Had the SWWF not been provided, the NAV per unit would have been higher by Re 0.29 (June 30, 2018: Re 0.12).

## 10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2019 and June 30, 2018.

## 11 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended March 31, 2019 is 1.46% (annualised) which includes 0.29% (annualised) representing government levy, Sindh Workers' Welfare Fund and SECP fee. This ratio is within the limit of 2% prescribed under the NBFC Regulations.

## 12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

## AKD Cash Fund - Quarterly Report March 2019

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

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

### 12.1 Details of transactions with related parties / connected persons during the period

	For the Nine months ended March 31,	
	2019	2018
	(Rupees in '000)	
<b>AKD Investment Management Limited - Management Company</b>		
Issue of 844 units ( 2018: 47,140 units)	43	2,383
Redemption of 19,754 units ( 2018 : 225,777 units)	995	11,383
Management remuneration	558	362
Sindh sales tax on management remuneration	73	47
Allocated expenses	140	91
Dividend paid	9	-
Refund of capital of 691 units (2018: Nil)	35	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	209	136
Sindh sales tax on trustee remuneration	27	18
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Issue of 97,517 units (2018: 281,930 units)	5,030	14,323
Redemption of 67,078 units (2018: 280,916 units)	3,461	14,292
Dividend paid	1	-
Refund of capital of 372 units (2018: Nil)	19	-
<b>Hasan Ahmed - Director of the Management Company</b>		
Issue of 4 units (2018: 114 units)	-	6
<b>Imran Motiwala - CEO of the Management Company</b>		
Issue of 36,503 units (2018: Nil units)	1,883	-
Redemption of 36,503 units (2018: Nil units)	1,889	-
<b>Sehr Imran Motiwala - Spouse of CEO of the Management Company</b>		
Issue of 2,440,354 units (2018: Nil units)	125,962	-
Redemption of 2,440,354 units (2018: Nil units)	126,051	-
<b>Unit holders holding 10% or more of the units in issue</b>		
<b>KAPCO Employees Provident Fund Trust*</b>		
Issue of Nil Units (2018: 494,196 units)	-	25,000
<b>Murree Brewery Company Limited</b>		
Issue of Nil Units (2018: 285,273 units)	-	14,643
<b>Muhammad Tariq Saadat*</b>		
Issue of Nil units (2018: 453,674 units)	-	23,452
<b>Interworld Travels (Pvt) Limited**</b>		
Issue of 272,765 (2018: Nil units)	14,065	-
<b>Sajjad Hussain**</b>		
Issue of 94,732 (2018: Nil units)	4,861	-
Dividend paid	237	-
Refund of capital of 72 units (2018: Nil)	4	-

## AKD Cash Fund - Quarterly Report March 2019

	(Unaudited) March 31, 2019	(Audited) June 30, 2018
(Rupees in '000)		
<b>12.2 Details of balances with related parties / connected persons as at period end</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Management remuneration payable	56	49
Federal excise duty payable on management remuneration	669	669
Sindh Sales tax payable on management remuneration	7	6
Payable against allocated expenses	15	35
Units held Nil (June 30, 2018: 18,910)	-	995
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	21	18
Sindh Sales Tax payable on trustee remuneration	3	2
<b>AKD Opportunity Fund</b>		
Receivable against conversion of units	9,073	-
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Units held 39,061 (June 30, 2018: 8,622)	2,070	453
<b>Hasan Ahmed - Director of the Management Company</b>		
Units held 118 (June 30, 2018: 114)	6	6
<b>Imran Motiwala - CEO of the Management Company</b>		
Issue of Nil units (2018: Nil units)	-	-
<b>Sehr Imran Motiwala - Spouse of CEO of the Management Company</b>		
Issue of Nil units (2018: Nil units)	-	-
<b>Unit holders holding 10% or more of the units in issue</b>		
<b>KAPCO Employees Provident Fund Trust*</b>		
Units held Nil (June 30, 2018: 595,405)	-	31,314
<b>Murree Brewery Company Limited**</b>		
Units held 291,362 Units (June 30, 2018: Nil units)	15,440	-
<b>Sajjad Hussain**</b>		
Units held 198,665 (June 30, 2018: Nil units)	10,528	-
<b>Interworld Travels (Pvt) Limited**</b>		
Units held 272,765 (June 30, 2018: Nil units)	14,454	-
<b>Fauji Fertilizer Bin Qasim Ltd.*</b>		
Issue of Nil (June 30, 2018: 958,405 units)	-	50,405
<b>PNSC Employees Contributory Provident Fund*</b>		
Issue of Nil (June 30, 2018: 380,373 units)	-	20,005

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

\*\* Current period connected party, prior period figures not shown

## 13 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute atleast 90 percent of the Fund's accounting income for the year ending June 30, 2019 as reduced by capital gains (whether realised or unrealised) to the unit holders.

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

## 14 FAIR VALUE MEASUREMENT

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

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

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	March 31, 2019			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>Financial assets 'at fair value through profit or loss'</b>				
Government securities- Market Treasury Bills	-	89,004	-	89,004

	June 30, 2018			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>Financial assets 'at fair value through profit or loss'</b>				
Government securities- Market Treasury Bills	-	147,923	-	147,923

### 15. GENERAL

15.1 Figures have been rounded off to the nearest thousand rupees.

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements during the period.

### 16 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 27, 2019 by the Board of Directors of the Management Company.

For AKD Investment Management Limited  
(Management Company)

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**Imran Motiwala**  
Chief Executive Officer

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**Muhammad Munir Abdullah**  
Chief Financial Officer

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**Anum Dhedhi**  
Director



**AKD Investment  
Management Ltd.**

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