

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

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



# half yearly report

**AKD**  
OPPORTUNITY FUND

**AKD**  
INDEX TRACKER FUND

**AKD**  
CASH FUND

**AKD**  
AGGRESSIVE INCOME FUND

**AKD**  
ISLAMIC INCOME FUND

**AKD**  
ISLAMIC STOCK FUND

**GOLDEN ARROW  
STOCK FUND**

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



AKD Investment  
Management Ltd.

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## **MANAGEMENT COMPANY**

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

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

### **Chairman**

Mr. Abdul Karim

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

Mr. Imran Motiwala

### **Directors**

Ms. Anum Dhedhi

Ms. Aysha Ahmed

Mr. Ali Wahab Siddiqui

Mr. Hasan Ahmed

Mr. Saim Mustafa Zuberi

## **HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY**

Ms. Tayyaba Masoom Ali

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

Mr. Muhammad Yaqoob Sultan, CFA

## **AUDIT COMMITTEE**

Mr. Ali Wahab Siddiqui (Chairman)

Mr. Hasan Ahmed (Member)

Mr. Saim Mustafa Zuberi (Member)

Ms. Tayyaba Masoom Ali (Secretary)

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

Ms. Aysha Ahmed (Chairman)

Mr. Abdul Karim (Member)

Mr. Imran Motiwala (Member)

Ms. Anum Dhedhi (Member)

Mr. Saim Mustafa Zuberi (Member)

Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

## **RATING**

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

**CORPORATION  
INFORMATION**

# *Vision*

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

# *Mission Statement*

*AKD Fund shall continuously strive to:*

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

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), AKD Islamic Stock Fund (AKDISSF), and Golden Arrow Stock Fund (GASF)- (Formerly: Golden Arrow Selected Stocks Fund Limited) is pleased to present its Half Yearly report along with the Funds' reviewed financial statements for the first half ended December 31, 2019.

## FUNDS' FINANCIAL PERFORMANCE

### AKD Opportunity Fund (AKDOF)

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

### AKD Index Tracker Fund (AKDITF)

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

### AKD Cash Fund (AKDCF)

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

### AKD Aggressive Income Fund (AKDAIF)

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

### AKD Islamic Income Fund (AKDISIF)

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

### AKD Islamic Stock Fund (AKDISSF)

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

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

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

## MACRO PERSPECTIVE:

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

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

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

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

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

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

## **EQUITY REVIEW:**

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

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

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

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

### **MONEY MARKET REVIEW:**

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

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

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

As per the auction calendar of the SBP, it will raise PKR300 billion by issuing 3 to 20-year tenor Pakistan Investment Bonds (PIBs) and PKR2.50 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR2.35 trillion, in the next quarter. In addition, SBP will raise another PKR150 billion through the auction of a 10-Year Floating PIB, in the next quarter.

### **FUTURE OUTLOOK:**

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

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

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

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

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

For and on behalf of the board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim Memon**  
Chairman

Karachi: February 21, 2020

# **AKD Cash Fund**

## **Financial Information - First Half FY20**

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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

Allied Bank Limited  
Askari Bank Limited  
Bank AL Habib Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
United Bank Limited

## AUDITORS

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

## LEGAL ADVISER

Sattar & Sattar  
Attomeys - 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  
Investomate (Pvt.) Limited  
Investlink Advisor (Private) Limited  
Metro Capital (Private) 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.

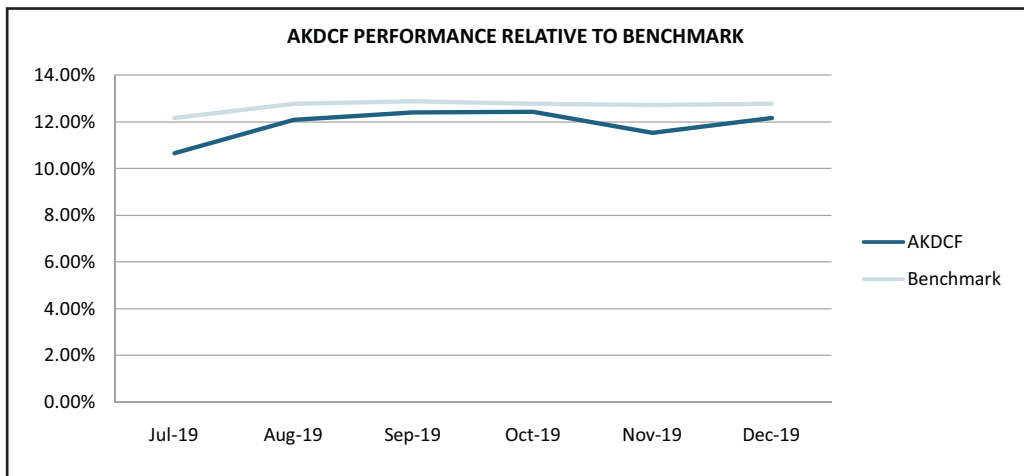
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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

**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-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
<b>AKDCF</b>	10.64%	12.07%	12.40%	12.42%	11.51%	12.15%
<b>Benchmark</b>	12.16%	12.77%	12.88%	12.76%	12.71%	12.76%

**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 fund 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 requirements.

**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-Dec-19	30-Sep-19
<b>Cash and Cash Equivalents</b>	71.78%	99.88%
<b>Placements with Banks and DFIs</b>	28.06%	-
<b>Other Assets Including Receivables</b>	0.16%	0.12%

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

<b>1HFY20 (annualized)</b>	<b>12.16%</b>
<b>Benchmark (annualized)</b>	<b>12.67%</b>

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

Net Assets Value			NAV Per Unit	
31-Dec-19	30-Sep-19	Change in Net Assets	31-Dec-19	30-Sep-19
(Rupees in 000)			(Rupees)	
1,065,357	493,390	115.93%	53.58	51.99

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

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

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

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

### **MONEY MARKET REVIEW:**

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

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

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

As per the auction calendar of the SBP, it will raise PKR300 billion by issuing 3 to 20-year tenor Pakistan Investment Bonds (PIBs) and PKR2.50 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR2.35 trillion, in the next quarter. In addition, SBP will raise another PKR150 billion through the auction of a 10-Year Floating PIB, in the next quarter.

### FUTURE OUTLOOK:

Going into 2HFY20, the market is expected to remain volatile with FATF related news and stringent compliance requirements particularly on the fiscal side under the IMF program, including prospective hikes in electricity and gas tariffs in addition to structural reforms. With the Government running revenue shortfalls investors will remain cautious of an early economic revival which is expected to exert pressure on stock prices or keep significant upside in check. Sharp uptick in inflation has delayed the monetary easing cycle hence pace and timing of monetary adjustments holds the key for sustaining the thrust of the market.

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

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

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

**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	243
10,000 - 49,999	18
50,000 - 99,999	2
100,000 - 499,999	8
500,000 and above	6
	<b>277</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.

## TRUSTEE REPORT TO THE UNIT HOLDERS

### AKD CASH FUND

#### **Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Cash Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

#### **Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 28, 2020

# REVIEW REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

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

### Scope of Review

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

### Conclusion

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

### Other matter

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

### Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner: Nadeem Yousuf Adil

Karachi: February 28, 2020

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

	Note	(Un-audited) December 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
<b>Assets</b>			
Bank balances	4	6,721	10,496
Investments	5	1,060,683	94,450
Profit receivable	6	1,160	49
Other receivables	7	546	191
<b>Total assets</b>		<b>1,069,110</b>	105,186
<b>Liabilities</b>			
Payable to the Management Company	8	1,504	720
Payable to the Trustee	9	67	16
Payable to Securities and Exchange Commission of Pakistan	10	68	127
Accrued expenses and other liabilities	11	2,114	1,922
<b>Total liabilities</b>		<b>3,753</b>	2,785
<b>Net assets</b>		<b>1,065,357</b>	102,401
<b>Unit holders' fund (as per statement attached)</b>		<b>1,065,357</b>	102,401
<b>Contingencies and commitments</b>			
	12		
		<b>Number of units</b>	
<b>Number of units in issue</b>		<b>19,882,132</b>	2,028,240
		<b>----- Rupees -----</b>	
<b>Net assets value per unit</b>		<b>53.5837</b>	50.4876

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

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

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

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

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

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Note	For the half year ended December 31,		For the quarter ended December 31,	
		2019	2018	2019	2018
-----('Rupees in '000) -----					
<b>Income</b>					
Net unrealised (diminution) / appreciation on remeasurement investments 'at fair value through profit or loss'	5.1	(151)	(27)	(120)	3
Income from government securities		42,032	6,537	23,620	3,833
Income from letter of placement		1,010	-	1,010	-
Capital loss on sale of investments - net		(110)	(128)	(139)	(143)
Profit on bank deposits		1,430	1,057	805	897
<b>Total income</b>		<b>44,211</b>	<b>7,439</b>	<b>25,176</b>	<b>4,590</b>
<b>Expenses</b>					
Remuneration of the Management Company	8.1	1,439	379	848	220
Sales tax on the remuneration of the Management Company	8.2	186	49	109	28
Remuneration of the Trustee	9.1	221	142	125	82
Sales tax on the Trustee remuneration	9.2	29	18	17	10
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	68	71	38	41
Expenses allocated by the Management Company	8.4	340	95	192	55
Brokerage and settlement charges		55	21	30	16
Auditors' remuneration		131	252	42	189
Bank charges		48	10	24	5
Fee and subscription		23	14	6	7
Printing and related cost		75	68	37	18
Legal and professional charges		155	140	69	82
Provision against Sindh Workers' Welfare Fund		829	124	473	77
<b>Total expenses</b>		<b>3,599</b>	<b>1,383</b>	<b>2,010</b>	<b>830</b>
<b>Net income for the period before taxation</b>		<b>40,612</b>	<b>6,056</b>	<b>23,166</b>	<b>3,760</b>
Taxation	14	-	-	-	-
<b>Net income for the period after taxation</b>		<b>40,612</b>	<b>6,056</b>	<b>23,166</b>	<b>3,760</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		40,612	6,056	23,166	3,760
Income already paid on units redeemed		(11,286)	(716)	(7,095)	(651)
		<b>29,327</b>	<b>5,340</b>	<b>16,072</b>	<b>3,109</b>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	-	-	3
- Excluding capital gains		29,327	5,340	16,072	3,106
		<b>29,327</b>	<b>5,340</b>	<b>16,072</b>	<b>3,109</b>

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

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

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

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

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	For the half year ended December 31,		For the quarter ended December 31,	
	2019	2018	2019	2018
	-----('Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>40,612</b>	6,056	<b>23,166</b>	3,760
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>40,612</b>	6,056	<b>23,166</b>	3,760

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

# AKD Cash Fund - Half Yearly Report December 2019

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For the half year ended December 31, 2019			For the half year ended December 31, 2018		
	----- Rupees in '000 -----					
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
<b>Net assets at beginning of the period</b>	100,790	1,611	102,401	159,857	3,356	163,213
Issue of 29,345,940 units (2018:11,499,343 units)						
- Capital value (at net asset value per unit at beginning of the period)	1,481,612	-	1,481,612	578,146	-	578,146
- Element of income	37,912	-	37,912	14,230	-	14,230
Total proceeds on issuance of units	1,519,524	-	1,519,524	592,376	-	592,376
Redemption of 11,492,048 units (2018:7,549,740 units)						
- Capital value (at net asset value per unit at beginning of the period)	580,208	-	580,208	379,574	-	379,574
- Amount paid out of element of income relating to net income for the year after taxation	-	(11,286)	(11,286)	-	(716)	(716)
- Element of income	28,258	-	28,258	8,944	-	8,944
Total payments on redemption of units	608,464	(11,286)	597,180	388,518	(716)	387,802
Total comprehensive income for the period	-	40,612	40,612	-	6,056	6,056
Distribution during the period	-	-	-	-	(2,030)	(2,030)
Refund of capital	-	-	-	(5,159)	-	(5,159)
Net income for the period less distribution	-	40,612	40,612	(5,159)	4,026	(1,133)
<b>Net assets at end of the period</b>	<b>1,011,850</b>	<b>30,938</b>	<b>1,065,357</b>	<b>358,556</b>	<b>6,666</b>	<b>366,654</b>
<b>Distribution for the year</b>						
Undistributed income brought forward						
- Realised income	-	1,685	1,685	-	3,371	3,371
- Unrealised income	-	(74)	(74)	-	(15)	(15)
	-	1,611	1,611	-	3,356	3,356
Accounting income available for distribution						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	-	29,327	29,327	-	5,340	5,340
	-	29,327	29,327	-	5,340	5,340
Distribution during the period at Rs. Nil (June 30, 2019: 0.78101 per unit)	-	-	-	-	2,030	2,030
Undistributed income carried forward	-	30,938	30,938	-	6,666	6,666
Undistributed income carried forward						
- Realised income	-	31,088	31,088	-	6,693	6,693
- Unrealised loss	-	(151)	(151)	-	(27)	(27)
	-	30,938	30,938	-	6,666	6,666
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>50.4876</u>			<u>52.5930</u>
Net assets value per unit at end of the period			<u>53.5837</u>			<u>51.8845</u>

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

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

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

Note	For the half year ended December 31,		For the quarter ended December 31,	
	2019	2018	2019	2018
	-----('Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	40,612	6,056	23,166	3,760
<b>Adjustments</b>				
Net unrealised diminution / (appreciation) on remeasurement of investments 'at fair value through profit or loss'	151	27	120	(3)
Capital loss on sale of investment	110	128	139	143
Provision against Sindh Workers' Welfare Fund	829	124	473	77
	<b>41,702</b>	<b>6,335</b>	<b>23,898</b>	<b>3,977</b>
<b>(Increase) / decrease in assets</b>				
Profit receivable	(1,111)	(555)	(1,102)	(576)
Other receivables	(355)	(13)	6	8
	<b>(1,466)</b>	<b>(568)</b>	<b>(1,096)</b>	<b>(568)</b>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	784	69	496	86
Payable to the Trustee	51	28	37	25
Payable to Securities and Exchange Commission of Pakistan	(59)	(22)	38	41
Payable on redemption of units	-	-	(8,478)	-
Accrued expenses and other liabilities	(637)	(74)	(363)	(64)
	<b>139</b>	<b>1</b>	<b>(8,270)</b>	<b>88</b>
Investments - net	(261)	(155)	(259)	(140)
<b>Net cash generated from operating activities</b>	<b>40,114</b>	<b>5,613</b>	<b>14,273</b>	<b>3,357</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amount received on issue of units	1,519,524	532,397	855,581	514,833
Payment against redemption of units	(597,180)	(388,518)	(306,780)	(363,149)
Dividend paid	-	(2,030)	-	-
<b>Net cash generated from financing activities</b>	<b>922,344</b>	<b>141,849</b>	<b>548,801</b>	<b>151,684</b>
<b>Net increase in cash and cash equivalents</b>	<b>962,458</b>	<b>147,462</b>	<b>563,074</b>	<b>155,041</b>
Cash and cash equivalents at beginning of the period	104,946	164,666	504,330	157,087
<b>Cash and cash equivalents at end of the period</b>	<b>1,067,404</b>	<b>312,128</b>	<b>1,067,404</b>	<b>312,128</b>

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 CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

### 1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Cash Fund (the Fund) was established under a Trust Deed, dated August 15, 2011, executed between AKD Investment Management Limited (AKDIML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on January 11, 2012. The initial Public Offering (IPO) of the Fund was made during the period from January 19, 2012 to January 20, 2012 .

The Management Company of the Fund is registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and 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 offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund is classified as a "Money Market Fund". The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments , money market placements, bank deposits, certificate of deposits, certificate of musharakas, commercial papers, reverse repos. 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 Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated August 9, 2019. PACRA has also assigned fund stability rating of "AA+(f)" to the Fund dated October 30, 2019.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

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

- 3.1** The accounting policies adopted in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2019.
- 3.2** The significant judgements 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.

			(Unaudited) December 31, 2019	(Audited) June 30, 2019
		Note	----- (Rupees in '000) -----	
<b>4. BANK BALANCES</b>				
In current accounts			10	10
In savings accounts	4.1		6,711	10,486
			6,721	10,496

## AKD Cash Fund - Half Yearly Report December 2019

- 4.1 Mark-up rates on these accounts range between 11.25% to 11.50% per annum (2019: 10% to 10.5% per annum).

			(Unaudited) December 31, 2019	(Audited) June 30, 2019			
		Note	----- (Rupees in '000) -----	-----			
<b>4.2</b>	<b>CASH AND CASH EQUIVALENTS</b>						
	Bank		6,721	10,496			
	Market treasury bills		760,683	94,450			
	Letter of Placement		300,000	-			
			<b>1,067,404</b>	104,946			
<b>5.</b>	<b>INVESTMENTS</b>						
	<b>At fair value through profit or loss</b>						
	- Government Securities - Market treasury bills	5.1	760,683	94,450			
	<b>At amortised cost</b>						
	- Letter of Placement	5.2	300,000	-			
			<b>1,060,683</b>	94,450			

## 5.1 Government Securities- 'at fair value through profit or loss'

Instrument	Face value				Balance at December 31, 2019			Market Value as percentage of	
	At July 1, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019	Carrying value	Market Value	Unrealized (deficit) / surplus	Net assets	Investments
----- Rupees in '000 -----									
T-Bills ( 3 months)	95,000	3,170,000	2,514,000	751,000	741,043	740,891	(152)	69.5%	69.85%
T-Bills (6 months)	-	20,000	-	20,000	19,791	19,792	1	1.9%	1.87%
<b>Total December 31, 2019</b>					<b>760,834</b>	<b>760,683</b>	<b>(151)</b>		
Total June 30, 2019					94,524	94,450	(74)		

5.1.1 The cost of investment as at December 31, 2019 amounts to Rs. 749.76 million (June 30, 2019: 93.07 million). They carry profit at the rate of 13.33% (June 30, 2019: 10.99%) per annum and will mature from January 16, 2020 to March 12, 2020.

## 5.2 Letter of placement

Investee Company	Face value				Balance at December 31, 2019	Rating	Rate of return	Maturity	Face value as a percentage of	
	At July 1, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019	Carrying value				Net assets	Investments
----- Rupees in '000 -----										
Pair Investment Company Limited	-	100,000	-	100,000	100,000	AA	13.65%	January 23, 2020	9.39%	9.43%
Zarai Taraqiyati Bank	-	100,000	-	100,000	100,000	AAA	13.75%	January 24, 2020	9.39%	9.43%
Pak China Investment Company	-	100,000	-	100,000	100,000	AAA	13.80%	January 23, 2020	9.39%	9.43%
<b>Total December 31, 2019</b>					<b>300,000</b>					

## AKD Cash Fund - Half Yearly Report December 2019

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>5.2 Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'</b>			
Market value of investments	5.1	760,683	94,450
Carrying amount of investments	5.1	(760,834)	(94,524)
		<b>(151)</b>	<b>(74)</b>
<b>6. PROFIT RECEIVABLE</b>			
Profit receivable on bank		220	49
Profit receivable on letter of placement		940	-
		<b>1160</b>	<b>49</b>
<b>7. OTHER RECEIVABLE</b>			
Prepaid PSX annual listing fee		11	-
Advance tax	7.1	535	191
		<b>546</b>	<b>191</b>

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the period ended December 31, 2019, withholding tax on profit on debt paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt amounts to Rs 0.535 million.

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

## AKD Cash Fund - Half Yearly Report December 2019

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>8. PAYABLE TO MANAGEMENT COMPANY</b>			
Remuneration	8.1	<b>438</b>	36
Sales tax on management fees	8.2	<b>55</b>	5
Federal Exercise Duty Payable	8.3	<b>669</b>	669
Expenses allocated by the Management Company	8.4	<b>342</b>	10
		<b>1,504</b>	720

- 8.1** The Management Company has charged remuneration at the rate of 0.4% to 0.5% (June 30, 2019: 0.4%) per annum of the average daily net assets. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 8.2** Sindh Sales Tax has been charged 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** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to Provincial Sales Tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made amounting to Rs 0.669 million is being retained in the condensed interim financial information 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 asset value of the Fund as at December 31, 2019 would have been higher by Re 0.0336 per unit (June 30, 2019: Re 0.3301 per unit).

**8.4** Uptill June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

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

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
		Note	----- (Rupees in '000) -----
<b>9. PAYABLE TO THE TRUSTEE</b>			
Trustee fee	9.1	59	14
Sindh Sales Tax payable on trustee fee	9.2	8	2
		<b>67</b>	<b>16</b>

**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 0.15% 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 0.065% 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 is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
		Note	----- (Rupees in '000) -----
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>			
Annual fee payable to SECP	10.1	68	127

**10.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a Collective Investment Scheme categorised as a money market 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.

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		(Unaudited) December 31, 2019	(Audited) June 30, 2019
Note		----- (Rupees in '000) -----	
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors remuneration		125	281
Provision for Sindh Workers' Welfare Fund	11.1	1,445	617
Rating fee payable		87	155
Brokerage Payable		31	2
Withholding tax payable		266	463
Other payables		160	404
		2,114	1,922

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

### 12. CONTINGENCIES AND COMMITMENTS

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

### 13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2019 is 0.53% (December 31, 2018: 0.74%) , which includes 0.17% (December 31, 2018: 0.14%) representing Government levies, Provision for SWWF and SECP fee. This maximum limit of 2% prescribed under NBFC Regulations of collective investment scheme categorized as Money Market Fund.

## 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 CDC 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 half year ended	
	December 31,	
	2019	2018
	----- (Rupees in '000) -----	
<b>15.1 Transactions during the period</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	1,439	379
Sindh sales tax on management remuneration	186	49
Expenses allocated by the Management Company	342	95
Issue of Nil units (2018: 844 units)	-	43
Redemption of Nil units (2018: 19,754 units)	-	995
Dividend paid	-	9
Refund of capital of Nil units (2019 :691 units)	-	35
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	221	142
Sindh Sales Tax on trustee remuneration	29	18
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Issue of Nil units (2018: 97,517 units)	-	5,030
Redemption of Nil units (2018: 67,078 units)	-	3,461
Dividend paid	-	1
Refund of capital of Nil units (2018 :372 units)	-	19
<b>Hasan Ahmed - Director of the Management Company</b>		
Issue of Nil units (2018: 4 units)	-	-
<b>Imran Motiwala - CEO of the Management Company</b>		
Issue of Nil units (2018: 36,503 units)	-	1,883
Redemption of Nil units (2018: 36,503 units)	-	1,889
<b>Sehr Imran Motiwala - Spouse of CEO of the Management Company</b>		
Issue of Nil units (2018: 2,440,354 units)	-	125,962
Redemption of Nil units (2018: 2,440,354 units)	-	126,051

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	(Unaudited) For the half year ended December 31,	
	2019	2018
	----- (Rupees in '000) -----	
<b>Unit holders holding 10% or more of the units in issue</b>		
<b>Durain Cassim**</b>		
Issue of 7,114,614 units (2018: Nil units)	370,000	-
Redemption of 390,584 units (2018: Nil units)	20,000	-
<b>Dinaz Cassim**</b>		
Issue of 5,048,633 units (2018: Nil units)	260,000	-
Redemption of 486,952 units (2018: Nil units)	25,000	-
<b>Ali Cassim**</b>		
Issue of 3,798,555 units (2018: Nil units)	200,000	-
Redemption of 1,136,278 units (2018: Nil units)	60,000	-
<b>KAPCO Employees Provident Fund Trust*</b>		
Issue of Nil units (2018: 27,433 units)	-	1,379
Dividend paid	-	2
Refund of capital of Nil units (2018: 27,394 units)	-	1,377
<b>Fauji Fertilizer Bin Qasim Limited*</b>		
Issue of Nil units (2018: 42,969 units)	-	2,160
Dividend paid	-	339
Refund of capital of Nil units (2018: 36,224 units)	-	1,821
<b>Syed Masood Ul Hasan*</b>		
Issue of Nil units (2018: 1,794,138 units)	-	92,550
Redemption of Nil units (2018: 775,408 units)	-	39,999
<b>PNSC Employees Contributory Provident Fund*</b>		
Issue of Nil (2018: 1,058,704 units)	-	54,876
Redemption of Nil units (2018: 397,802 units)	-	20,328
Dividend paid	-	5
Refund of capital of Nil units (2018: 17,429 units)	-	876
	(Unaudited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
<b>15.2 Balances outstanding at the period / year end</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Management remuneration payable	438	36
Federal excise duty payable on management remuneration	669	669
Sindh Sales tax payable on management remuneration	55	5
Payable against expenses allocated by the Management Company	342	10
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	59	14
Sindh Sales Tax on trustee remuneration payable	8	2
<b>Hasan Ahmed - Director of the Management Company</b>		
Units held 126 (June 30, 2019: 126)	7	6
<b>Unit holders holding 10% or more of the units in issue</b>		
<b>Durain Cassim**</b>		
Units held 6,724,030 Units (June 30, 2019: Nil)	360,298	-
<b>Dinaz Cassim**</b>		
Units held 4,561,680 Units (June 30, 2019: Nil)	244,431	-

## AKD Cash Fund - Half Yearly Report December 2019

	(Unaudited) December 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
<b>Ali Cassim**</b> Units held 2,662,277 Units (June 30, 2019: Nil)	142,654	-
<b>Sajjad Hussain*</b> Units held Nil units (June 30, 2019: 212,192 units)	-	10,713
<b>Amir Ali Kamruddin / Abdul Sultan Merchant*</b> Units held Nil units (June 30, 2019: 276,767 units)	-	13,973
<b>Hum Network Limited Employees Provident Fund*</b> Units held Nil units (June 30, 2019: 203,922 units)	-	10,296
<b>Murree Brewery Company Limited*</b> Units held Nil units (June 30, 2019: 291,362 units)	-	14,710
<b>Zeba Rashid Faruqi*</b> Units held Nil units (June 30, 2019: 352,115 units)	-	17777

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

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

### 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:

**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).

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

## AKD Cash Fund - Half Yearly Report December 2019

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

		December 31, 2019 (Unaudited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		Note ..... (Rupees in '000) .....						
Government Securities		760,683	-	760,683	-	760,683	-	760,683
<b>Financial assets not measured at fair value</b>								
Letter of placement		-	300,000	300,000				
Bank balances		-	6,711	6,711				
Profit receivable on bank deposits		-	1,160	1,160				
Other receivables		-	546	546				
		<b>308,417</b>		<b>308,417</b>				
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company		-	1,504	1,504				
Payable to the Trustee		-	67	67				
Accrued expenses and other liabilities		-	439	439				
		<b>2,010</b>		<b>2,010</b>				

		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
Financial assets measured at fair value		Note ..... (Rupees in '000) .....						
Government Securities		94,450	-	94,450	-	94,450	-	94,450
<b>Financial assets not measured at fair value</b>								
Bank balances		-	10,496	10,496				
Profit receivable on bank deposits and letter of placement		-	49	49				
		-	10,545	10,545				
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company		-	720	720				
Payable to Trustee		-	16	16				
Accrued expenses and other liabilities		-	842	842				
		-	1,578	1,578				

### 17. GENERAL

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

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

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

### 18. DATE OF AUTHORISATION FOR ISSUE

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

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

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director



**AKD Investment  
Management Ltd.**

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