

Funds Managed by:
AKD Investment Management Ltd.

1st Quarter Report
September 30, 2018
(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 Quarterly report along with the Funds' unaudited financial statements for Quarter ended September 30, 2018.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY19, the return of AKD Opportunity Fund stood at -4.74% compared to the benchmark KSE-100 Index return of -2.18%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY19, the return of AKD Index Tracker Fund stood at -2.54% compared to the benchmark KSE-100 Index return of -2.18%.

AKD Cash Fund (AKDCF)

For the 1QFY19, the annualized return of AKD Cash Fund stood at 5.81% compared to benchmark return of 6.59%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY19, the annualized return of AKD Aggressive Income Fund stood at 3.10% compared to benchmark return of 8.39%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY19, the annualized return of AKD Islamic Income Fund stood at 6.22% compared to benchmark return of 2.51%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY19, the return of AKD Islamic Stock Fund stood at -3.72% compared to the benchmark KMI-30 Index return of -2.57%.

MACRO PERSPECTIVE

After achieving a growth rate of 5.8% in FY18 - the highest in 13 years and up from 5.3% in FY17, Gross Domestic Product (GDP) is likely to slow down to 5.0% in FY19 on the back of rising inflation, large twin deficits and lower output in the agriculture sector.

The challenges on the external front have increased to alarming levels in 1QFY19. The Current Account Deficit (CAD) reached USD 2.72 billion (5.3% of GDP) in 2MFY19 as opposed to USD 2.47 billion (4.6% of GDP) in the corresponding period last year. The primary reason for this deterioration is an upsurge in import bills by 10.92% to USD 9.95bn vs USD 8.97bn in the same period last year. Moreover, higher remittances (up by 13.44%) could not ease the Balance of Payment (BOP) issue. Consequently, foreign reserves have fallen to USD 14.89 billion (-9.23% YoY) by end of 1QFY19.

On the fiscal front, Federal Board of Revenue (FBR) collected total tax revenue of PKR 836 billion in 1QFY19 as against PKR 766 billion during the same period of the previous fiscal year. The tax collection has increased by 9.2% YoY, but fell short of first quarter target by PKR 56 billion. In

addition to disappointing collection results, the number of income tax filers also fell short of expectations due to which the Government announced a two-month extension in the deadline to file tax returns for FY18.

During 1QFY19, average Consumer Price Index (CPI) clocked in at 5.6% as compared to 3.4% in SPLY. The jump is even more pronounced in core inflation (up by 7.7% YoY) - a key measure reflecting the underlying inflationary pressures in the economy. Moreover, State Bank of Pakistan (SBP) has adjusted the average inflation (CPI) projections and inflation is now expected to fall in the revised forecast range of 6.5%-7.5% in FY19. This upward revision is due to following factors: (i) Higher than anticipated increase in international Oil Prices (Up 42.32% YoY). (ii) An upward revision in domestic gas prices (Up to 143%). (iii) Further increase in regulatory duties on imports (iv) 16.92% YoY depreciation of the PKR against USD.

Therefore to ensure macroeconomic stability, State Bank of Pakistan (SBP) raised the policy rate by 100bps to 8.5% in its monetary policy statement of September 2018.

Agriculture sector growth is expected to remain below its target in FY19 mainly due to the looming water crisis, which is likely to constrain agriculture production. In addition, as per latest information, cotton production is expected to miss its FY19 target of 14.4 million bales by ~4 million bales, which will further hinder agriculture growth.

The large scale manufacturing sector (LSM) which constitutes 80% of total manufacturing and 11% of the overall GDP, exhibited a marginal growth of 0.5% YoY during the first month of FY19, yet it decently grew by 6.99% MoM. The major sectors that showed growth included electronics (11.74%), engineering products (13.18%), automobiles (9.75%), and rubber products (8.31%).

On the other hand, the LSM sectors that showed negative growth were wood products (55.64% YoY), pharmaceuticals (10.80% YoY), fertilizers (6.81% YoY), and iron and steel products (2.77% YoY).

In our view, PKR-USD depreciation of 19.89% in 9MCY18 will relieve some pressure on the Current Account. Furthermore, a possible bailout by the IMF, financial assistance from friendly countries (China, UAE) with expected improvement in remittances from overseas Pakistanis may provide a much needed breather to the external account.

Lastly, CPEC investments will continue to play a major role in attracting investment in Pakistan and provide support to the deteriorating external account. Furthermore, the circular debt situation in the power sector has again reached alarming levels and concrete steps are required. However, given the limited fiscal space, any one-off settlement seems unlikely. Overall, clarity about the economic policies and reforms of the Current government will remain a key determinant of macro performance.

EQUITY MARKET REVIEW

During 1QFY19, KSE-100 index started the fiscal year at 41,910 points and ended the period at 40,999, exhibiting a decline of 2.18%. Gains seen in the first week after elections (+5%) have reversed in the last two months of 1QFY19. This decline can be largely attributed to faltering investor confidence stemming from lack of policy clarity (Increase in gas prices and budgetary amendments regarding tax filers) and growing economic concerns (BOP, currency movement) which worsened SBP's forex reserves that fell below US\$10bn (Two-month import cover). Owing to this, Moody's downgraded outlook on Pakistan to negative and continuous foreign selling from emerging market (US \$189mn net outflow from the Pakistani stock market) resulted in reduced trading volumes.

Moving ahead, we believe that drastic and unprecedented economic reforms are on the cards under the Incumbent government. Austerity measures (curb in PSDP and unproductive spending),

strict steps against rampant corruption, call for across the board accountability, radical efforts to expand the tax base and focus on addressing core issues (health, education, justice, and unemployment) will determine the overall performance of the economy and the direction of equity markets. Furthermore, sector specific policies such as those for cements (Dam, PSDP), autos (interest rate, auto policy), fertilizer (subsidy), and steel (import duties) among others, will set the tone of the market. Recovering of wealth parked abroad and the role of overseas Pakistanis will remain a key component of government policy.

These above reforms announced by current government were unprecedented in political history of Pakistan and likely to slow down the economic growth in FY19. However, development on reforms will have positive impact in the long term.

The increasing level of inflation is expected to warrant further hikes in discount rates, where we expect another hike of 100bps in the upcoming Monetary Policy Statement (MPS). We believe this will have a negative impact on the market as investors will realign their portfolios from equity market to debt market for higher yield. However, the KSE-100 index currently trades at a forward PE of ~6.94x with a dividend yield of 7.09%, which offers a significant discount compared to MSCI Emerging Markets Index and regional economies.

MONEY MARKET REVIEW

During 1QFY19, The State Bank of Pakistan (SBP) carried out 7 T-bills auctions where the government managed to raise PKR 4.61 trillion. During this period, weighted average yield on 3, and 6 months T-bills were at 7.60% and 7.85% respectively up from 5.84% and 5.88% during the corresponding period last year.

SBP conducted auctions of PIBs and managed to raise PKR 20.59 billion during 1QFY19. The PIBs auction maintained an upward trend where weighted average maturities yield on 5-year PIB increased to 9.25%, up from 6.89% in the corresponding period of last year.

The Government announced Monetary Policy Statement on September 29, 2018, where the committee decided to change the policy rate by 100bps to 8.5%. State Bank of Pakistan conducted 15 open market operations (OMOs) of different maturities and injected average amount of PKR 855.06 billion per OMO at an average cut-off yield of 7.43%.

State Bank of Pakistan (SBP) will raise Rs 4.9 trillion by sale of three to 20-year Pakistan Investment Bonds (PIBs) and three to 12-month treasury bills during 2QFY19 to pay back the maturing debt of Rs 4.44 trillion. In addition, SBP will raise another Rs 150 billion through the auction of 10-year PIBs at a floating rate.

FUTURE OUTLOOK

Overall, we believe that the economic outlook for FY19 remains challenging. Real growth is expected to slow down its momentum as average inflation is expected to remain above its target due to recent PKR depreciation. It is also likely that an IMF program with stringent conditions will remain a major issue to deal with for the current Government. Current account deficit remains a grave concern and needs urgent remedial measures to boost foreign inflow and control unproductive imports. Key risks can stem from any increase in international oil prices and uncertainty in emerging market. There is hope that Overseas Pakistanis might support the incumbent government and increasing remittances will provide some respite. Pakistan has managed to get US\$6bn support package from Saudi Arabia. The support package comprises i) US\$3bn for balance of payment support and ii) deferred payment facility up to US\$3bn for oil imports. Aforementioned financial assistance from KSA will ease pressure to some extent pertaining to the external account in the near term. The impact of measures being announced by the Government is yet to be seen and will majorly influence any possible improvement in the economy.

Continuous surge rise in oil price and aggressive stance on interest rates in upcoming monetary policy meeting will keep the market heavy weighted sectors (Banks, Exploration & Production) in the limelight.

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 6.94x and 7.09% respectively as compared to Emerging Market P/E and DY of 13.32x and 2.70% respectively).

On the fixed income side, the rapid surge in interest rates has made the situation severe. Yields on 6 Month T-Bills have surged from under 6% in 2017 to around 9% currently and are likely to be in double digits by the end of 2018. Therefore, equity markets will have to offer more to entice investors as competing asset classes (Pakistan Investment Bonds, Income Funds, National Saving Certificates and Bank Deposit) are beginning to offer attractive yields.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: October 27, 2018

AKD Index Tracker Fund

Financial Statements - First Quarter FY19

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AKD Index Tracker 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 Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
United Bank Limited

AUDITORS

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
1st Floor, Modern Motors House,
Beaumont Road, Karachi.

LEGAL ADVISER

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

REGISTRAR

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

DISTRIBUTORS

AKD Investment Management Limited
AKD Securities Limited
BMA Capital Management Limited
First Street Capital (Pvt.) Limited
IGI Investment Bank Limited
Savings Lounge (Pvt.) Limited
Finox (Pvt.) Limited
4 Sight Investments

RATING

Asset Management Company
PACRA: AM3++(AM-Three Plus Plus)

FUND MANAGER’S REPORT

i) Description of the Collective Investment Scheme Category and type:

Open - end Scheme investing in Equity Securities of KSE-100 Index.

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

The Objective of the AKD Index Tracker Fund (AKDITF) is to trail the return of KSE-100 Index and provide investors with a high quality, in-depth diversification instrument.

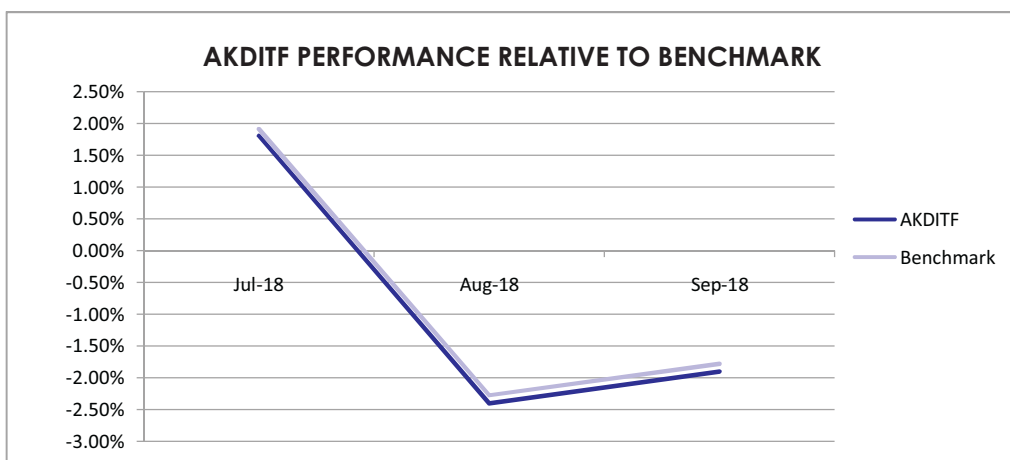
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY19, the return of AKD Index Tracker Fund stood at -2.54% compared to the benchmark KSE-100 Index return of -2.18%.

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

KSE-100 Index

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



Monthly yield	Jul-18	Aug-18	Sep-18
AKDITF	1.80%	-2.40%	-1.90%
Benchmark	1.91%	-2.27%	-1.78%

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

AKD Index Tracker Fund is a passively managed open end equity portfolio; its performance is directly linked to the performance of KSE-100 Index with up to 85% accuracy. The Fund Manager attempts to trail the movement of the Index by using the weights of the respective stocks in the KSE-100 Index.

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

Asset Allocation (% of Total Asset)	30-Sep-18	30-June-18
Equities	95.91%	96.30%
Cash	2.69%	2.97%
Other Assets	1.40%	0.73%

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

1QFY19 Return	-2.54%
1QFY19 Benchmark	-2.18%

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

Net Assets Value		NAV Per Unit		
30-Sep-18	30-June-18	Change in Net Assets	30-Sep-18	30-June-18
(Rupees In "000")			Rs.	Rs.
447,580	461,098	-2.93%	13.56	14.42

- x) Statement on the characteristics and general composition of the index:

AKD Index Tracker Fund tracks the returns of the KSE-100 Index with up to 85% accuracy, providing investors with high quality, in depth diversification instrument.

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

MACRO PERSPECTIVE

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The challenges on the external front have increased to alarming levels in 1QFY19. The Current Account Deficit (CAD) reached USD 2.72 billion (5.3% of GDP) in 2MFY19 as opposed to USD 2.47 billion (4.6% of GDP) in the corresponding period last year. The primary reason for this deterioration is an upsurge in import bills by 10.92% to USD 9.95bn vs USD 8.97bn in the same period last year. Moreover, higher remittances (up by 13.44%) could not ease the Balance of Payment (BOP) issue. Consequently, foreign reserves have fallen to USD 14.89 billion (-9.23% YoY) by end of 1QFY19.

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Moving ahead, we believe that drastic and unprecedented economic reforms are on the cards under the Incumbent government. Austerity measures (curb in PSDP and unproductive spending), strict steps against rampant corruption, call for across the board accountability, radical efforts to expand the tax base and focus on addressing core issues (health, education, justice, and unemployment) will determine the overall performance of the economy and the direction of equity markets. Furthermore, sector specific policies such as those for cements (Dam, PSDP), autos (interest rate, auto policy), fertilizer (subsidy), and steel (import duties) among others, will set the tone of the market. Recovering of wealth parked abroad and the role of overseas Pakistanis will remain a key component of government policy.

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FUTURE OUTLOOK

Overall, we believe that the economic outlook for FY19 remains challenging. Real growth is expected to slow down its momentum as average inflation is expected to remain above its target due to recent PKR depreciation. It is also likely that an IMF program with stringent conditions will remain a major issue to deal with for the current Government. Current account deficit remains a grave concern and needs urgent remedial measures to boost foreign inflow and control unproductive imports. Key risks can stem from any increase in international oil prices and uncertainty in emerging market. There is hope that Overseas Pakistanis might support the incumbent government and increasing remittances will provide some respite. Pakistan has managed to get US\$6bn support package from Saudi Arabia. The support package comprises i) US\$3bn for balance of payment support and ii) deferred payment facility up to US\$3bn for oil imports. Aforementioned financial assistance from KSA will ease pressure to some extent pertaining to the external account in the near term. The impact of measures being announced by the Government is yet to be seen and will majorly influence any possible improvement in the economy.

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xii) Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of the Fund manager's report, not otherwise disclosed in the financial statements.

There were no significant changes in the state of affairs during the period under review.

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

There were no unit splits during the period.

xiv) Break down of unit holdings by size:

Range (Units)	No. of Investors
0.1 - 9,999	629
10,000 - 49,999	26
50,000 - 99,999	4
100,000 - 499,999	5
500,000 and above	1
	665

xv) Disclosure of circumstances that materially affect any interests of unit holders:

Investments are subject to credit and market risk.

xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:

No soft commission has been received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT SEPTEMBER 30, 2018

	Un-audited September 30 2018	Audited June 30 2018
	(Rupees in '000)	
Assets	Note	
Bank balances	4	12,250
Investments	5	437,452
Dividend and other receivables	6	3,783
Security deposits	7	2,600
Total Assets		456,085
Liabilities		
Remuneration payable to the Management Company	8	277
Remuneration payable to the Trustee	9	73
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	109
Accrued expenses and other liabilities	11	4,318
Unclaimed dividend		3,728
Total Liabilities		8,505
Contingencies and Commitments	17	-
Net Assets		447,580
Unit holders' fund (as per statement attached)		447,580
		(Number of Units)
Number of units in issue		33,015,180
		(Rupees)
Net assets value per unit (face value per unit Rs. 10/-)		13.56

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter ended September 30	
		2018	2017
		(Rupees in '000)	
Investment income			
(Loss) / Gain on sale of investments' - net		(628)	4,218
Dividend income		5,057	4,399
Profit on bank balances		204	82
Unrealised diminution on remeasurement of investment classified as 'at fair value through profit or loss' - net		(14,399)	-
		(9,766)	8,699
Expenses			
Remuneration to the Management Company		859	921
Remuneration to the Trustee		229	246
Annual fee to the Securities and Exchange Commission of Pakistan		109	117
Bank charges		7	1
Auditors' remuneration		76	76
Other expenses	13	573	638
		1,853	1,999
Net income/(loss) from operating activities		(11,619)	6,700
Net income/(loss) for the period before taxation		(11,619)	6,700
Taxation	14	-	-
Net income/(loss) for the period after taxation		(11,619)	6,700
Allocation of net income for the period:			
Net income for the period after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution		-	-
-Relating to Capital gains		-	4,218
-Excluding Capital gains		-	2,482
		-	6,700

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Quarter ended September 30	
	2018	2017
	(Rupees in '000)	
Net (loss)/income for the period after taxation	(11,619)	6,700
Other comprehensive income for the period		
<i>Items that will be reclassified subsequently to income statement</i>		
- Unrealised (diminution) / appreciation during the period in the fair value of investments classified as 'available for sale' - net	-	(49,726)
- Diminution in fair value of 'available for sale' investments transferred to profit and loss account on sale - net	-	(4,109)
Total comprehensive loss for the period	(11,619)	(47,135)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30	
	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period after taxation	(11,619)	6,700
Unrealised diminution on remeasurement of investments- classified as 'fair value through profit or loss'-net	14,399	-
	2,780	6,700
(Increase) / decrease in assets		
Investments	602	(4,465)
Dividend and other receivables	(2,958)	2,861
	(2,356)	(1,604)
(Decrease) / Increase in liabilities		
Remuneration payable to the Management Company	(15)	(40)
Remuneration payable to the Trustee	(4)	(11)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(342)	(374)
Payable against redemption of units	-	(273)
Accrued expenses and other liabilities	121	(3,348)
	(240)	(4,046)
Net cash generated from operating activities	184	1,050
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issuance of units	14,427	6,411
Cash paid on redemption of units	(76)	(8,139)
Distribution to unit holders' in cash	(16,250)	-
Net cash flows used in financing activities	(1,899)	(1,728)
Net cash used in cash and cash equivalents during the period	(1,715)	(678)
Cash and cash equivalents at beginning of the period	13,965	6,020
Cash and cash equivalents at end of the period	12,250	5,342

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018			Quarter ended September 30, 2017			
	----- (Rupees in '000) -----						
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income	Unrealized (losses) / gains on available for sale investments	Total
Net assets at beginning of the period	342,764	118,334	461,098	569,269	(49,318)	-	519,951
issue of 1,038,998 units (2017: 428,906 units)							
- Capital value (at net asset value per unit at the beginning of the period)	14,452	-	14,452	6,991	-	-	6,991
- Element of income	(25)	-	(25)	(580)	-	-	(580)
Total proceeds on issuance of units	14,427	-	14,427	6,411	-	-	6,411
Redemption of 5,548 units (2017: 502,271 units)							
- Capital value (at net asset value per unit at the beginning of the period)	77	-	77	8,187	-	-	8,187
- Element of income	(1)	-	(1)	(48)	-	-	(48)
Total payments on redemption of units	76	-	76	8,139	-	-	8,139
Total comprehensive (loss) for the period	-	(11,619)	(11,619)	-	6,700	(53,835)	(47,135)
Distribution during the period	-	(16,250)	(16,250)	-	-	-	-
Net (loss) for the period less distribution	-	(27,869)	(27,869)	-	6,700	(53,835)	(47,135)
	357,115	90,465	447,580	567,541	(42,618)	(53,835)	471,088
Undistributed income brought forward		118,334			(49,318)		
Accounting income available for distribution							
- Relating to capital gains	-			4,218			
- Excluding capital gains	-			2,482			
	-			6,700			
Net income for the period after taxation		(11,619)			-		
Distribution during the period		(16,250)			-		
Undistributed loss carried forward		<u>90,465</u>			<u>(42,618)</u>		
			(Rupees)				(Rupees)
Net assets value per unit at beginning of the period			14.42				16.30
Net assets value per unit at end of the period			13.56				14.80

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Index Tracker Fund ("The Fund") was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as Asset Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 02 May 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 12 April 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund is registered as notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Management Company of the Fund has obtained a license to act as an Asset Management Company under the NBFC Rules from SECP. Registered office of the Management Company is situated at Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange Limited (formally Karachi Stock Exchange Limited). Its units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering the same to the Fund.

The Fund is categorized as Index Tracker Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall strive to remain fully invested in accordance with the stated index (i.e. KSE-100 index), however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index or its subsets during the year based on monthly average investment calculated on daily basis. The units invested amount shall be kept in cash and / or near cash instrument where near cash instrument include cash in bank account (excluding TDRs), and treasury bills not exceeding 90 days maturity.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated August 10, 2018. Due to specialized nature of the Fund, performance ranking has not been taken, as the comparable benchmark is not available.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) standards 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 VIIIA 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 IFRS standards, 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.

These condensed interim financial statements are unaudited.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statements of the Fund for the year ended June 30, 2018 except the following.

During the current period IFRS-9 became applicable, according to the standard, all equity investments are to be measured at fair value in the statement of financial position with value change recognized in profit or loss. Standard also retains an option in respect of equity investments (other than held for trading) for which the entity may elect to report value change in 'other comprehensive income'. However, the fund adopted reclassification of its 'available for sale' investments and measured its all financial assets at fair value through profit or loss (FVTPL). The adoption of this reclassification resulted in recording of revaluation gain of Rs. 137.375 million as at June 30, 2018 which has been adjusted in the opening retained earnings as allowed under IFRS – 9. For the purpose of measurement of debt instruments, SECP vide its letter to MUFAP dated November 21, 2017 relaxed the applicability of IFRS-9 impairment requirements for debt securities on mutual funds and deferred it till further instructions.

		Un-audited September 30	Audited June 30
4. BANK BALANCES		2018	2018
		(Rupees in '000)	
Profit and loss sharing accounts	4.1	11,861	13,446
Current accounts		389	519
		12,250	13,965
4.1	These represents profit and loss sharing accounts maintained with various banks carrying profit at the rate ranging from 5.50% to 6.50% (30 June 2018: ranging from 4.50% to 6.0%) per annum.		
5. INVESTMENTS			
<i>Investments in securities</i>			
<i>classified as 'at fair value through profit or loss'</i>			
Listed equity securities	5.1	437,452	452,453

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5.1 Listed equity securities - at fair value through profit or loss

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2018	Acquired during the period	Bonus / right shares received	Disposed during the period	Holding at end of the period 30 September 2018	Cost as of the period ended 30 September 2018	Carrying value (before revaluation as of the period ended 30 September 2018)	Market value as of 30 September 2018	Market value as a percentage of net assets	Percentage in relation to total market value of Investment	Percentage of paid-up capital of the investee company held
	..... (Number of Shares) .....					..... (Rupees in '000)					
						Percentage					
AUTOMOBILE ASSEMBLER											
Atlas Honda Limited	2,100	-	-	-	2,100	1,066	1,071	882	0.20	0.20	-
Honda Atlas Cars (Pakistan) Limited	6,100	-	-	-	6,100	1,399	1,930	1,554	0.35	0.36	-
Indus Motor Company Limited	2,969	-	-	-	2,969	756	4,220	4,153	0.93	0.95	-
Millat Tractors Limited	5,043	-	-	100	4,943	2,660	5,873	5,013	1.12	1.15	0.01
Pak Suzuki Motor Company Limited	4,720	-	-	-	4,720	384	1,857	1,462	0.33	0.33	0.01
						6,265	14,951	13,064			
AUTOMOBILE PARTS & ACCESSORIES											
Agrico Industries Limited	4,000	-	-	-	4,000	1,296	1,180	942	0.21	0.22	0.01
Thal Limited (Face Value Rs.5/ each)	7,171	-	-	-	7,171	925	3,424	3,134	0.70	0.72	0.01
						2,221	4,604	4,076			
CABLE & ELECTRICAL GOODS											
Pak Elektron Limited	53,775	-	-	-	53,775	3,198	1,907	1,653	0.37	0.38	0.01
						3,198	1,907	1,653			
CEMENT											
Bestway Cement Limited	6,200	-	-	-	6,200	1,660	813	752	0.17	0.17	-
Cherat Cement Company Limited	23,096	-	-	-	23,096	1,604	2,246	1,860	0.42	0.43	0.01
D.G. Khan Cement Company Limited	48,687	-	-	-	48,687	2,888	5,574	4,986	1.11	1.14	0.01
Fauji Cement Company Limited	167,850	-	-	-	167,850	2,230	3,835	3,753	0.84	0.86	0.01
Kohat Cement Company Limited	9,500	-	-	-	9,500	1,167	1,169	1,189	0.27	0.27	0.01
Lucky Cement Limited	28,933	500	-	-	29,433	6,734	14,972	15,097	3.37	3.45	0.01
Maple Leaf Cement Factory Limited	60,512	-	-	-	60,512	3,175	3,070	2,850	0.64	0.65	0.01
Pioneer Cement Limited	26,100	-	-	-	26,100	1,765	1,223	1,134	0.25	0.26	0.01
						21,223	32,902	31,621			
CHEMICAL											
Archroma Pakistan Limited	1,950	-	-	-	1,950	1,141	985	1,004	0.22	0.23	0.01
Engro Polymer & Chemicals Limited	50,000	-	18,497	15,000	53,497	1,892	1,670	1,554	0.35	0.36	0.01
Engro Polymer & Chemicals Limited-Lefter of Rights	18,497	-	-	18,497	-	-	-	-	-	-	-
Colgate-Palmolive (Pakistan) Limited	1,016	-	203	-	1,219	324	3,199	2,926	0.65	0.67	-
ICI Pakistan Limited	3,038	-	-	-	3,038	619	2,435	2,304	0.51	0.53	-
						3,976	8,289	7,788			
OPEN - END MUTUAL FUND											
HBL Growth Fund-Class B	56,012	-	-	56,012	-	-	-	-	-	-	-
CLOSE - END MUTUAL FUND											
HBL Growth Fund-Class A	-	57,512	-	-	57,512	995	995	733	0.16	0.17	0.02
						995	995	733			

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Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2018	Acquired during the period	Bonus / right shares received	Disposed during the period	Holding at end of the period 30 September 2018	Cost as of the period ended 30 September 2018	Carrying value (before revaluation as of the period ended 30 September 2018)	Market value as of 30 September 2018	Market value as a percentage of net assets	Percentage in relation to total market value of investment	Percentage of paid-up capital of the investee company held
	..... (Number of Shares) .....					..... (Rupees in '000)					
						Percentage					
COMMERCIAL BANKS											
Allied Bank Limited	38,162	-	-	-	38,162	2,338	3,936	3,889	0.87	0.89	-
Askari Bank Limited	80,813	-	-	-	80,813	1,175	1,767	1,982	0.44	0.45	0.01
Bank AL Habib Limited	160,332	3,500	-	-	163,832	5,050	12,929	13,220	2.95	3.02	0.01
Bank Alfalah Limited	125,305	6,000	12,530	-	143,835	2,331	6,846	7,140	1.60	1.63	0.01
Faysal Bank Limited	100,680	-	-	-	100,680	870	2,618	2,703	0.60	0.62	0.01
Habib Bank Limited	164,083	7,000	-	3,000	168,083	31,891	27,939	25,443	5.68	5.82	0.01
Habib Metropolitan Bank Limited	104,568	-	-	-	104,568	2,167	4,533	4,862	1.09	1.11	0.01
MCB Bank Limited	92,228	4,000	-	-	96,228	16,024	19,026	19,362	4.33	4.43	0.01
Meezan Bank Limited	34,753	13,000	4,775	-	52,528	3,395	4,023	4,684	1.05	1.07	-
National Bank of Pakistan	113,238	-	-	-	113,238	4,471	5,364	5,882	1.31	1.34	0.01
Standard Chartered Bank (Pak) Ltd	40,848	-	-	-	40,848	327	980	919	0.21	0.21	-
The Bank of Punjab	240,659	-	-	-	240,659	2,370	2,905	2,847	0.64	0.65	0.01
United Bank Limited	108,929	4,000	-	-	112,929	16,848	19,072	17,392	3.89	3.98	0.01
						89,257	111,938	110,325			
ENGINEERING											
Anreli Steels Limited	16,000	-	-	-	16,000	1,496	1,129	1,039	0.23	0.24	0.01
International Industries Limited	12,000	-	-	-	12,000	3,181	2,787	2,582	0.58	0.59	0.01
International Steels Limited	39,500	-	-	-	39,500	949	4,017	3,593	0.80	0.82	0.01
Crescent Steel & Allied Products Limited	7,900	-	-	-	7,900	1,233	721	605	0.14	0.14	0.01
						6,859	8,654	7,819			
FERTILIZER											
Dawood Hercules Corporation Limited	75,396	-	-	-	75,396	4,955	8,352	8,033	1.79	1.84	0.02
Engro Corporation Limited	64,074	2,500	-	-	66,574	11,690	20,933	20,746	4.64	4.74	0.01
Engro Fertilizers Limited	133,275	3,500	-	-	136,775	9,734	10,267	10,325	2.31	2.36	0.01
Falima Fertilizer Company Limited	71,734	-	-	2,000	69,734	1,799	2,259	2,609	0.58	0.60	0.00
Fauji Fertilizer Bin Qasim Limited	72,451	-	-	-	72,451	2,465	2,797	2,696	0.60	0.62	0.01
Fauji Fertilizer Company Limited	156,050	3,000	-	-	159,050	14,671	15,735	15,530	3.47	3.55	0.01
						45,314	60,343	59,939			
FOOD & PERSONAL CARE PRODUCTS											
Engro Foods Limited	16,674	-	-	-	16,674	1,597	1,485	1,413	0.32	0.32	-
Murree Brewery Company Limited	2,317	-	-	-	2,317	323	1,680	1,900	0.42	0.43	0.01
National Foods Limited (Face value of Rs.5/ each)	5,650	-	-	-	5,650	1,182	1,802	1,639	0.37	0.37	0.01
Nestle Pakistan Limited (Note 5.2)	1,469	-	-	680	789	7,754	9,074	7,494	1.67	1.71	-
						10,856	14,041	12,446			
GLASS & CERAMICS											
Ghani Glass Limited	23,233	-	-	-	23,233	1,704	1,433	1,400	0.31	0.32	0.01
						1,704	1,433	1,400			

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Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2018	Acquired during the period	Bonus / right shares received	Disposed during the period	Holding at end of the period 30 September 2018	Cost as of the period ended 30 September 2018	Carrying value (before revaluation as of the period ended 30 September 2018)	Market value as of 30 September 2018	Market value as a percentage of net assets	Percentage in relation to total market value of investment	Percentage of paid-up capital of the investee company held
	..... (Number of Shares) .....					..... (Rupees in '000)					
INSURANCE											
Adamee Insurance Company Limited	62,240	-	-	6,000	56,240	1,741	2,741	2,528	0.56	0.58	0.02
EFU General Insurance Limited	15,237	-	-	-	15,237	745	2,281	1,661	0.37	0.38	0.01
IGI Insurance Limited	6,797	-	-	-	6,797	457	1,964	1,907	0.43	0.44	0.01
Jubilee Life Insurance Company Limited	2,447	1,100	-	-	3,547	1,732	2,391	2,217	0.50	0.51	-
						4,675	9,377	8,313			
INV. BANKS / INV. COS. / SECURITIES COS.											
Jahangir Siddiqui & Co. Ltd.	51,203	-	-	-	51,203	572	931	742	0.17	0.17	0.01
Pakistan Stock Exchange Limited	40,000	10,000	-	-	50,000	1,237	993	809	0.18	0.18	0.01
						1,809	1,924	1,551			
JUTE											
Crescent Jute Products Limited	500	-	-	-	500	3	-	-	-	-	-
						3	-	-			
LEASING COMPANIES											
Orix Leasing Pakistan Limited	14,534	-	-	-	14,534	774	632	627	0.14	0.14	0.01
						774	632	627			
LEATHER & TANNERIES											
Bata Pakistan Limited	377	-	-	-	377	192	716	688	0.15	0.16	-
						192	716	688			
MISCELLANEOUS											
Pakistan Services Limited	5,650	-	-	100	5,550	1,716	5,467	5,611	1.25	1.28	0.02
Shifa International Hospitals Limited	5,454	-	-	-	5,454	924	1,473	1,494	0.33	0.34	0.01
						2,640	6,940	7,105			
MODARABAS											
First Habib Modaraba	4,500	-	-	-	4,500	50	48	50	0.01	0.01	-
						50	48	50			
OIL & GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited	4,941	-	-	-	4,941	802	7,442	7,700	1.72	1.76	-
Oil & Gas Development Company Limited	143,737	5,000	-	-	148,737	18,967	23,108	22,755	5.08	5.20	-
Pakistan Oilfields Limited	23,979	800	4,955	-	29,734	8,863	16,609	16,329	3.65	3.73	0.01
Pakistan Petroleum Limited	107,124	4,000	-	-	111,124	13,026	23,846	23,714	5.30	5.42	0.01
						41,688	71,005	70,498			

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Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2018	Acquired during the period	Bonus / right shares received	Disposed during the period	Holding at end of the period 30 September 2018	Cost as of the period ended 30 September 2018	Carrying value (before revaluation as of the period ended 30 September 2018)	Market value as of 30 September 2018	Market value as a percentage of net assets	Percentage in relation to total market value of investment	Percentage of paid-up capital of the investee company held
	..... (Number of Shares) .....					..... (Rupees in '000)					
OIL & GAS MARKETING COMPANIES											
Attock Petroleum Limited	4,450	-	890	-	5,340	1,496	2,625	2,370	0.53	0.54	-
Hascol Petroleum Limited	11,240	-	-	-	11,240	2,675	3,527	3,062	0.68	0.70	0.01
Pakistan State Oil Company Limited	32,553	500	-	-	33,053	6,206	10,528	10,539	2.35	2.41	0.01
Shell Pakistan Limited	4,751	-	-	-	4,751	469	1,502	1,395	0.31	0.32	0.01
Sui Northern Gas Pipelines Limited	64,670	-	-	-	64,670	4,311	6,481	5,763	1.29	1.32	0.01
Sui Southern Gas Company Limited	66,828	-	-	-	66,828	1,305	2,193	1,851	0.41	0.42	0.01
						16,442	26,856	24,980			
PAPER & BOARD											
Packages Limited	6,789	-	-	700	6,089	1,367	2,982	2,723	0.61	0.62	0.01
						1,367	2,982	2,723			
PHARMACEUTICALS											
Abbott Laboratories (Pakistan) Limited	4,515	-	-	-	4,515	3,499	3,093	2,786	0.62	0.64	-
GlaxoSmithKline Pakistan Limited	11,073	-	-	-	11,073	603	1,838	1,637	0.37	0.37	-
The Searle Company Limited	16,517	-	-	-	16,517	3,407	5,607	5,218	1.17	1.19	0.01
						7,509	10,538	9,641			
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited	155,741	3,000	-	-	158,741	9,481	14,640	13,885	3.10	3.17	0.01
K-Electric Limited (Face value of Rs .35/- each)	619,148	-	-	-	619,148	3,401	3,517	3,312	0.74	0.76	-
Kof Addu Power Company Limited	100,779	-	-	-	100,779	6,609	5,433	5,702	1.27	1.30	0.01
Nishat Chunarri Power Limited	38,465	-	-	-	38,465	944	1,082	949	0.21	0.22	0.01
Nishat Power Limited	32,070	-	-	-	32,070	704	951	840	0.19	0.19	0.01
Saif Power Limited	39,500	-	-	-	39,500	1,156	1,046	979	0.22	0.22	0.01
						22,295	26,669	25,667			
REAL ESTATE INVESTMENT TRUST											
Dalmen City REIT	120,000	-	-	-	120,000	1,245	1,548	1,512	0.34	0.35	0.01
						1,245	1,548	1,512			
REFINERY											
Attock Refinery Limited	7,419	-	1,854	-	9,273	1,138	1,597	1,404	0.31	0.32	0.01
National Refinery Limited	5,493	-	-	-	5,493	1,317	2,434	1,922	0.43	0.44	0.01
						2,455	4,031	3,326			
SUGAR & ALLIED INDUSTRIES											
JDW Sugar Mills Limited	2,050	-	-	-	2,050	225	643	615	0.14	0.14	-
						225	643	615			
SYNTHETICS AND RAYON											
Ibrahim Fibres Limited	3,000	-	-	-	3,000	216	189	187	0.04	0.04	-
						216	189	187			

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Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2018	Acquired during the period	Bonus / right shares received	Disposed during the period	Holding at end of the period 30 September 2018	Cost as of the period ended 30 September 2018	Carrying value (before revaluation as of the period ended 30 September 2018)	Market value as of 30 September 2018	Market value as a percentage of net assets	Percentage in relation to total market value of investment	Percentage of paid-up capital of the investee company held
	..... (Number of Shares) .....					..... (Rupees in '000)					
TECHNOLOGY & COMMUNICATION											
Hum Network Limited (Face value of Rs.1/ each)	134,600	-	-	-	134,600	944	1,089	875	0.20	0.20	0.01
Pakistan Telecommunication Company Ltd	127,017	-	-	-	127,017	1,451	1,453	1,270	0.28	0.29	-
Systems Limited	13,000	-	-	-	13,000	1,246	1,316	1,565	0.35	0.36	0.01
TRG Pakistan Limited	102,855	-	-	-	102,855	3,190	2,946	2,848	0.64	0.65	0.02
						6,831	6,804	6,558			
TEXTILE COMPOSITE											
Kohinoor Textile Mills Limited	49,695	-	-	-	49,695	1,657	2,733	2,695	0.60	0.62	0.02
Nishat Chunian Limited	23,830	-	-	-	23,830	809	1,131	1,219	0.27	0.28	0.01
Nishat Mills Limited	35,847	-	-	-	35,847	2,065	5,052	5,040	1.13	1.15	0.01
						4,531	8,916	8,954			
TEXTILE SPINNING											
Godoon Textile Mills Limited	1,500	-	-	-	1,500	300	378	395	0.09	0.09	0.01
						300	378	395			
TEXTILE WEAVING											
Feroze 1888 Mills Limited	4,000	-	-	-	4,000	1,366	242	266	0.06	0.06	-
						1,366	242	266			
TOBACCO											
Pakistan Tobacco Company Limited	2,740	-	-	-	2,740	372	6,110	6,896	1.54	1.58	-
Philip Morris (Pakistan) Limited	680	-	-	-	680	1,293	1,917	2,447	0.55	0.56	-
						1,665	8,027	9,343			
TRANSPORT											
Pakistan International Bulk Terminal Limited	180,902	-	186,533	177,000	190,435	2,509	2,043	2,068	0.46	0.47	0.01
Pakistan International Bulk Terminal-Letter of Right	36,533	150,000	-	186,533	-	-	-	-	-	-	-
Pakistan International Container Terminal Limited	3,600	-	-	-	3,600	1,180	821	1,024	0.23	0.23	-
						3,689	2,864	3,092			
VANASPATI & ALLIED INDUSTRIES											
Unity Foods Limited	15,000	-	-	-	15,000	405	439	471	0.11	0.11	0.01
						405	439	471			
WOOLLEN											
Bannu Woollen Mills Limited	500	-	-	-	500	25	26	26	0.01	0.01	0.01
						25	26	26			
Total as at 30 September 2018						314,255	451,851	437,452			
Total as at 30 June 2018						315,077	523,694	452,453			

- 5.2** These investments held by the Fund exceeded the maximum limit prescribed by the regulation 55(6) of the NBFC regulations. The said regulation state that the value of the security invested into shall not exceed the

weight of the security in the index or its subset. Arrangements has made to adjust these investments with the weight prescribed in the NBFC regulations. However the financial impact is not material.

- 5.3** These include 100,000 shares having market value of Rs. 15.299 million of Oil and Gas Development Company Limited as pledged with National Clearing Company of Pakistan Limited as on 30 September 2018.

	Un-audited September 30 2018	Audited June 30 2018
(Rupees in '000)		
6. DIVIDEND AND OTHER RECEIVABLES		
Dividend receivables	3,675	743
Profit receivable on bank balances	64	58
Others	44	24
	3,783	825
7. SECURITY DEPOSITS		
National Clearing Company of Pakistan Limited	2,500	2,500
Central Depository Company of Pakistan Limited	100	100
	2,600	2,600

8. REMUNERATION TO THE MANAGEMENT COMPANY

The Management Company is entitled to remuneration for services rendered to the Equity Fund under the provisions of the amended NBFC Regulations dated November 25, 2015 of an amount not exceeding 1.5% percent of the average daily net assets of the Fund. The Management company charged remuneration at the rate of 0.75% per annum of the average daily net assets of the Fund (2018: 0.75% p.a). This amount was settled subsequent to the period end.

	Un-audited September 30 2018	Audited June 30 2018
(Rupees in '000)		
Balance at beginning of the period / year	292	329
Remuneration for the period / year	859	3,558
Paid during the period / year	(874)	(3,595)
Balance at end of the period / year	277	292

9. REMUNERATION TO THE TRUSTEE

The Trustee is entitled to monthly remuneration for services under the provision of Trust Deed.

Net assets up to Rs. 1 billion

Rs. 0.7 million or 0.20% per annum of the daily average net assets of the Fund, which ever is higher.

Net assets exceeding Rs. 1 billion

Rs. 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion.

	2018 Un-audited September 30	2018 Audited June 30
	(Rupees in '000)	
Balance at beginning of the period / year	77	87
Remuneration for the period / year	229	949
Paid during the period / year	(233)	(959)
Balance at end of the period / year	73	77

10. ANNUAL FEE TO THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) in accordance with Rule 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, whereby the Fund is required to pay annual fee to SECP at the rate of 0.095% of the average daily net assets of the Fund.

	2018 Un-audited September 30	2018 Audited June 30
	(Rupees in '000)	
Balance at beginning of the period / year	451	451
Remuneration for the period / year	109	451
Paid during the period / year	(451)	(451)
Balance at end of the period / year	109	451

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		288	212
Sales tax payable on Management Company's remuneration	11.1	36	38
Federal excise duty on management remuneration	11.2	1,357	1,357
Allocated expenses by the Management Company	11.3	37	120
Payable to management company against expenses		1	1
Provision against Sindh Workers' Welfare Fund	11.4	2,231	2,179
Sindh sales tax on trustee fees & CDS Charges		10	10
Withholding tax payable		9	19
Zakat payable		34	-
Other liabilities		315	261
		4,318	4,197

11.1 During the current period, an amount of Rs. 0.122 million (2018: 0.463) was charged on account of sales tax on Management fee levied through Sindh Sales Tax on Services Act, 2011 and 0.03 million (2018: 0.125 million) on trustee remuneration & CDS charges levied through Sindh Sales Tax on Finance Act 2015. As at year end, sales tax on Management Company remuneration of Rs. 0.03 million (2018: 0.04 million) and on trustee remuneration & CDS charges amounting 0.01 million (2018: 0.01 million) was due, which was paid subsequent to the period end to the Management Company and Central Depository Company respectively, for onwards payment to the Government of Sindh.

11.2 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.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till June 30, 2018 amounting to Rs 1.357 million (2018: Rs 1.357 million) is being retained in the 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 financial statements of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re 0.041 per unit (2018: Re 0.042 per unit).

11.3 The reimbursable expenses have been charged as per NBFC Regulation 60, which states that fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum upto 0.1% of average net assets of the Scheme or actual whichever is less. During the year an amount of Rs.0.12 million is charged related to reimbursable expense as per regulation 60.

11.4 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, is 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 has 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 to be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statement of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re 0.07 per unit (June 30, 2018: Re 0.07 per unit).

12 The Total Expense Ratio (TER) of the Fund as at September 30, 2018 is 1.60% which includes 0.26% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations.

	Un-audited September 30 2018	Un-audited September 30 2017
	(Rupees in '000)	
13. OTHER EXPENSES (for the period ended)		
Printing and stationery	50	51
National Clearing Company of Pakistan Limited charges	91	90
Central Depository Company of Pakistan Limited charges	3	2
Pakistan Stock Exchange listing fee	7	7
Security Transaction cost	23	-
Legal and professional charges	91	76
Sales tax on Management Company's remuneration	112	120
Sales tax on trustee fees & CDS Charges	30	32
Allocated Expenses by the management company	115	123
Sindh workers' welfare fund	53	137
	573	638

14. TAXATION

The Fund's income is exempt from Income Tax as per 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements during the period.

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AKD Investment Management Limited (AKDIML), being the asset management company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited (holding company of the management company) being the related companies of the management company, Central Depository Company of Pakistan Limited being the trustee, associated companies of the Management Company / holding company of the management company and other associates, other collective investment schemes managed by the Management Company and directors and key management personnel of the Management Company and also includes entities holding 10% or more in the units of the Fund as at 30 September 2018. It also includes staff retirement funds of the above connected persons / related parties and entities in which the above parties or their connected persons have a material interest. All related party transactions have been transacted at arm's length basis. Remuneration to the Management Company and the

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Trustee is determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively. Purchase and redemptions of the Fund's units by the connected persons / related parties are recorded at the applicable net asset value per unit. Other transactions are recorded in accordance with the agreed terms.

	Unaudited	
	For the quarter ended	
	September 30,	
15.1 Details of transactions with connected persons	2018	2017
/ related parties during the period	(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration for the period	859	921
Sindh Sales tax on Management Company's Remuneration*	112	120
Allocated expenses by the management company	115	123
Sales Load	1	9
* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.		
AKD Investment Management Limited Staff Provident Fund		
Units issued : 30,403 (2017: 348,737)	411	5,136
Redemption of units : Nil (2017: 315,788)	-	5,199
Dividend paid	161	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee	229	246
Central Depository Service charges	3	2
Sindh Sales Tax on Trustee Fee and CDS Charges	30	32
National Bank of Pakistan Employees Pension Fund (having invested more than 10% in the units of the Fund)		
Units issued : 926,031 (2017: Nil)	12,881	-
Dividend paid	14,722	-

	Un-audited September 30 2018	Audited June 30 2018
	(Rupees in '000)	
15.2 Balances outstanding at the period / year end		
AKD Investment Management Limited - Management Company of the Fund		
Remuneration payable	277	292
Allocated expenses by management company payable	37	120
Payable to Management Company - Others	1	1
Sindh sales tax payable on Management Company's remuneration*	36	38
Federal Excise Duty payable on Management Company's remuneration*	1,357	1,357
Sales Load payable	2	1
Payable to Central Depository Company of Pakistan - Trustee		
Remuneration payable	73	77
Security deposit	100	100
CDS charges payable	3	3
Sales tax CDS charges & Trustee Fee payable	10	10
*Sales tax and FED is paid / payable to the management company for onwards payment to the Government.		
Mr. Aqeel Karim Dhedhi - Chairman of the Group		
Units outstanding - 390 (30 June 2018: 390) units	5	6
AKD Investment Management Limited Staff Provident Fund		
Number of units outstanding : 347,111 (30 June 2018: 316,708)	4,706	4,566
National Bank of Pakistan Employees Pension Fund (having invested more than 10% in the units of the Fund)		
Number of units outstanding : 29,898,676 90.56% of the total units in issue as at the period end) (30 June 2018 : 28,972,646 (90.59% of the total units in issue as at the year end))	405,330	417,716

16 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13 has not affected the condensed interim financial information.

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 significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	----- As at September 30, 2018 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investment in securities -				
- at fair value through profit or loss				
Listed Equity securities	437,452	-	-	437,452
	437,452	-	-	437,452
	----- As at June 30, 2018 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investment in securities - Available for sale				
- Listed Equity securities	452,453	-	-	452,453
	452,453	-	-	452,453

17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 September 2018 and 30 June 2018 (2018: Nil)

18 GENERAL

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

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed financial statements were authorised for issue on October 27, 2018 by the Board of Directors of the Management Company.

For AKD Investment Management Limited
(Management Company)

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer



**AKD Investment
Management Ltd.**

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