

Funds Managed by:
AKD Investment Management Ltd.

1st Quarter Report
September 30, 2019
(Un-audited)



quarterly report



Partner with AKD
Profit from the
Experience



**AKD Investment
Management Ltd.**

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MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman

Mr. Abdul Karim

Director & Chief Executive Officer

Mr. Imran Motiwala

Directors

Ms. Anum Dhedhi

Ms. Aysha Ahmed

Mr. Ali Wahab Siddiqui

Mr. Hasan Ahmed

Mr. Saim Mustafa Zuberi

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

**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) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its first quarter report along with the Funds' unaudited Financial Statements for the Quarter ended September 30, 2019.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY20, the return of AKD Opportunity Fund stood at -13.66% compared to the benchmark KSE-100 Index return of -5.38%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY20, the return of AKD Index Tracker Fund stood at -5.72% compared to the benchmark KSE-100 Index return of -5.38%.

AKD Cash Fund (AKDCF)

For the 1QFY20, the annualized return of AKD Cash Fund stood at 11.81% compared to benchmark return of 12.60%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY20, the annualized return of AKD Aggressive Income Fund stood at 9.74% compared to benchmark return of 14.17%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY20, the annualized return of AKD Islamic Income Fund stood at 11.71% compared to benchmark return of 5.74%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY20, the return of AKD Islamic Stock Fund stood at -12.12% compared to the benchmark KMI-30 Index return of -5.48%.

MACRO PERSPECTIVE

Following a decade of high GDP growth of 5.5% during FY18 the economy has undergone significant deceleration with growth slowing down to 3.3% during FY19. This slump in GDP growth can be attributed to tightening policies adopted by the new Government on the fiscal and monetary front to reign-in on the alarming imbalances of the Current Account and fiscal deficits. As per the State Bank of Pakistan (SBP), GDP is expected to grow by 3.5% during FY20, indicating a phase of economic consolidation, with the objective of bringing the country back on a sustainable growth path.

Warranted austerity measures undertaken by the Government have started to bear fruit during the ongoing year as signified by key macro indicators. Monetary tightening and a steep devaluation in the local currency has while slowing down economic activity addressed key issues providing much needed fiscal space. The current account deficit has contracted to USD 1.55 billion (2.2%

of GDP) during 1QFY20 as compared to USD 4.29 billion (5.5% of GDP) registered during comparable period last year. During FY19, Current Account Deficit (CAD) peaked at USD 13.83 billion (4.9% of the GDP), which was widely flagged as being unsustainable. The ongoing narrowing of the Current Account deficit has been led by contractions in imports of goods which decreased by 23%YoY to USD 11.03 billion during 1QFY20 as compared to USD 14.28 billion in 1QFY19; coupled with a reversal in portfolio investments from an outflow of USD 185 million during 1QFY19 to an inflow of USD 344 million during 1QFY20 further improved the situation. In addition, steady growth of inward remittances continued to aid in relieving external pressures.

According to News reports, the Federal Board of Revenue (FBR) collected PKR 960 billion during 1QFY20. This collection figure includes approximately PKR 45 billion, collected from advance levies and PKR 25 billion collected through amnesty scheme. Although FBR has missed its target for the period by PKR 111 billion, against initial target of PKR 1,071 billion; tax collections have surged by 14.83% as compared to PKR 836 billion for same period last year, showing strong institutional reforms and documentation efforts bearing fruit. Moreover, FBR has received over 0.4 million new income tax filers in 1QFY20, up by ~14% as compared to 0.35 million reported last year. Furthermore, the shortfall was largely as a result of import custom duties, which contribute the most to the tax revenues collection, showing a loss of PKR 100 billion, on the back of slowdown in the economy and exchange rate effect. It is pertinent to mention that despite slowdown in the economy, the FBR has collected 25% higher revenues locally through sales tax and other indirect taxes. Therefore, it is expected that when economic activity eventually picks up, FBR would manage to collect higher taxes and come closer to meeting its ambitious FY20 target of PKR 5.5 trillion.

During 1QFY20, average Consumer Price Index (CPI) clocked in at 10.08% as compared to 5.60% during 1QFY19. In the same period, the Pakistan Bureau of Statistics (PBS) had re-based its computation methodology for inflation from earlier FY2008 to FY2016 where weights of the CPI baskets have also been reconstituted as per the consumer survey of FY16. In order to contain Inflation, State Bank of Pakistan had increased the policy rate by 100 bps to 13.25% in July 2019. In the recent monetary policy held during mid of September, SBP left the interest rates unchanged maintaining its inflation target of 11%-12% during FY20. As far as currency adjustments are concerned, during the period under review, local currency has strengthened against USD where the current Real Effective Exchange Rate (REER) of "93" which illustrates on the basis of purchasing power of the local currency versus a basket of global currencies suggests that the local currency is undervalued by approximately 7%. Moreover, large scale manufacturing index (LSM) which encapsulates 80% of total manufacturing and constitutes 11% of GDP, exhibited a decline of 3.28% YoY during the first month of FY20, managing to marginally rise by 0.98% MoM. Major sectors that showed growth included electronics (67.23%) and Fertilizer (16.34%). On the other hand, LSM sectors that showed negative growth were Automobile (27.41%), Coke and Petroleum Product (25.12%) and Iron & Steel Products (15.44%).

Following intensive negotiations over the terms of any program the executive board of the International Monetary Fund (IMF) approved a USD 6 billion bailout package for the next three years under an Extended Funding Facility (EFF). The country has already received its first tranche of USD 1 billion of this facility during the first week of July 2019. As per the statement of IMF, the current EFF program from Pakistan will open other financing avenues for Pakistan where Pakistan can expect financing more than USD 38 billion.

EQUITY MARKET REVIEW

During 1QFY20, local stock market witnessed a volatile quarter as the benchmark KSE-100 index traded in a broad range (high of 35,269 and low of 28,674) settling with a change of 1,824pts (up 5.4%QoQ). To recap in continuation of the 4QFY19 in which the index shed 4,748, taking the cumulative downfall to 6,570 points from April to September 2019 suggests that the negative market sentiments remained dominant. Average daily traded volumes for the benchmark index also declined by 20%QoQ to 78 million shares as compared to 97 million shares witnessed during

4QFY19, illustrating a lack of investor participation. During the period under review, the benchmark index broke its 7 month negative trajectory after touching its lowest level since September 2014. During the quarter, there were some positive triggers impacting sentiments, namely: 1) commencement of the IMF program and release of the first tranche of USD 1 billion, 2) minor strengthening of local currency against Greenback, and 3) improvement in current account deficit. On the other hand some dampeners that muted investor sentiments included: 1) 100 bps increase in policy rate raising risk free rates and required equity returns 2) rise in geopolitical uncertainty with cross border tensions on the eastern front, amidst tensions in the Middle East, and 3) enhanced probability of remaining in the Financial Action Task Force (FATF) jurisdictions with compliant deficiencies list (i.e. "grey list") with a possibility of being further downgraded. Foreign investors continued with inflows where local market witnessed inflows of USD 23.28 million, up by 37.3%QoQ as compared to USD 17 million witnessed during 4QFY19. This has taken cumulative inflows during calendar year to USD 58 million. Mutual Funds and Insurance sectors remained the net sellers during the quarter where market witnessed net outflow of USD 82 million and USD 23 million respectively. Major contribution to the index decline came from Commercial Banks (-1.92%), Food and Personal care Products (-1.05%), Oil & Gas Exploration Companies (-1.06%), Cement Sector (-0.67%) and Automobile Assembler (-0.56%). However, some of the losses were compensated due to positive contribution from Fertilizer (+0.61%) sector as surged by 4%. By end of the quarter, the KSE-100 was trading at an annual trailing P/E of 5.6x and dividend yield of 9% underscoring that despite market sentiment valuations remain compelling.

MONEY MARKET REVIEW

During 1QFY20, seven T-Bill auctions were carried out by the SBP, where government successfully managed to raise PKR6.12 trillion. Weighted average yield on the 3-month, 6-month, and 12-month period were 13.59%, 13.90%, and 14.03% respectively, as compared to 7.60%, and 7.85% for same period last year. There was no response for 12 months T-bills during corresponding period last year. It is pertinent to note that yield curve has been on a declining trend since touching its high of 13.75%, 13.95% and 14.16% for 3-months, 6-months and 12-months T-bills respectively at the end of July 2019 auction, depicting an inversion in the yield curve within short tenure paper as well. Additionally, inverted yield curve for recent T-bills auction further indicates future cut in interest rates.

To further address liquidity demand, the SBP conducted three auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR963.46 billion during 1QFY20 with weighted average maturity yield on 3-year, 5-year, and 10-year of 13.83%, 13.52%, and 13.25%, as compared to 7.47%, 8.92%, and 8.70%, during the same period last year. In the recent auction result, weighted average maturity yields for 5 year/ 10 years have fallen by 110bps/95bps to 12.3760%/ 12.1482%. Yield spread between 3 year and 10 year has widened to 72bps as compared to 1bps during end of June 2019 concluding weakening the case for further tightening.

The SBPs Monetary Policy Committee (MPC) announced two Monetary Policy Statements (MPS) in 1QFY20 where the committee raised the interest rate during first monetary policy in July 2019 by 100bps. In its recent MPS held in September 2019, MPC decided to maintain policy rate keeping the inflation outlook intact. The SBP conducted thirty-one Open Market Operations (OMO) in 1QFY20 of different maturities, and injected average amount of PKR634.62 billion per OMO at an average cut-off yield of 13.18%.

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 PKR3.80 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR4.72 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

Overall, we remain optimistic about the economic outlook for FY20 where real GDP growth is expected to reach 3.5% as compared to 3.27% registered during FY19. As per the SBP, CPI is expected to range between 11%-12% during the year, with a hike in inflation is expected due to one-off impacts of regulatory measures introduced in Budget FY20 coupled with increase in energy and gas prices effective from 1QFY20. As depicted by REER of below 100, the bulk of currency adjustments have played out where the local currency has already strengthened during 1QFY20. Current account deficit has exceptionally narrowed by 63% to 1,548 million (2.2%) where we expect the external deficit to remain in a controlled range following the down cycle in capital inflows and consumption demand. Any increase in international crude oil prices may adversely impact this outlook; however, the general market consensus on crude prices remains neutral to negative at least until US-China trade talks progress. Moreover, USD 3.2 billion (USD 275 per month) facility from Saudi Arabia from the Start of FY20 will ease pressure on foreign reserves. As per the Press release of SBP, the Central Bank expects decrease in inflation from second half of FY20. A decrease in inflation will provide room for the State Bank to initiate monetary easing and growth related policies. That said, we expect reversal in interest rates during second half of FY20 as indicative of the yields of long-term government paper.

As a leading indicator of wider economic growth, investor sentiments and expectations of monetary easing should keep equity markets in the limelight, where gradual upward momentum is likely. These expectations are affirmed by the benchmark index breaking through its 7 months negative trajectory after touching its lowest level since September, 2014 during the quarter.

Any revival of the benchmark index can be expected due to re-rating of Price to Earnings (P/E) after monetary easing. Currently the benchmark index is trading at an appealing multiyear low P/E of 5.6x, despite offering ROE and Dividend Yield of 16% and 9% for FY20, indicating some of the highest total returns amongst regional markets. Expected clearance of legal hurdles on GIDC Ordinance and any decision on resolution of circular debt will put index heavy weights Fertilizer and Energy sectors center stage.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: October 26, 2019

AKD Index Tracker Fund

Financial Statements - First Quarter FY20

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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 Shahr-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
Investomate (Pvt.) 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.

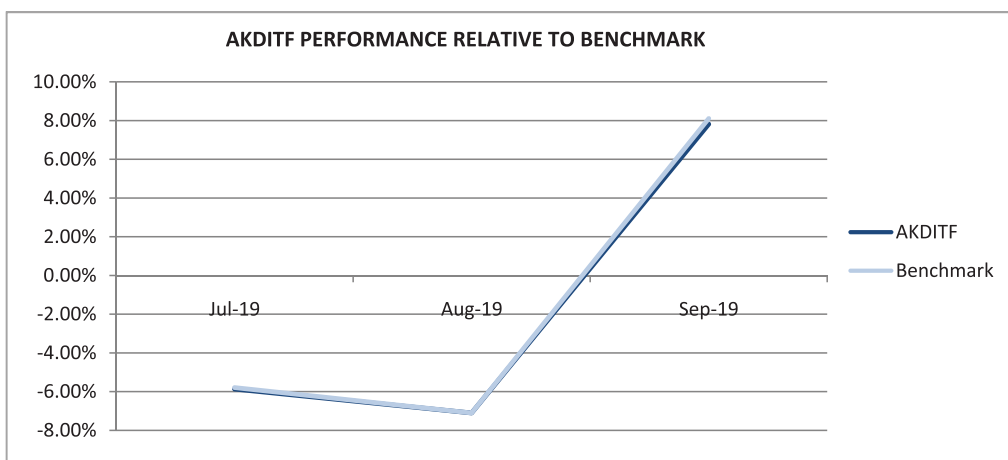
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY20, the return of AKD Index Tracker Fund stood at -5.72% compared to the benchmark KSE-100 Index return of -5.38%.

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-19	Aug-19	Sep-19
AKDITF	-5.87%	-7.10%	7.82%
Benchmark	-5.79%	-7.10%	8.11%

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-19	30-Jun-19
Equities	95.77%	96.31%
Cash	2.66%	2.80%
Other Assets	1.57%	0.89%

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

1QFY20 Return	-5.72%
Benchmark	-5.38%

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

Net Assets Value		Change in Net Assets	NAV Per Unit	
30-Sep-19	30-Jun-19		30-Sep-19	30-Jun-19
(Rupees In "000")			Rs.	Rs.
350,937	370,790	-5.35%	10.49	11.13

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

Following a decade of high GDP growth of 5.5% during FY18 the economy has undergone significant deceleration with growth slowing down to 3.3% during FY19. This slump in GDP growth can be attributed to tightening policies adopted by the new Government on the fiscal and monetary front to reign-in on the alarming imbalances of the Current Account and fiscal deficits. As per the State Bank of Pakistan (SBP), GDP is expected to grow by 3.5% during FY20, indicating a phase of economic consolidation, with the objective of bringing the country back on a sustainable growth path.

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Insurance sectors remained the net sellers during the quarter where market witnessed net outflow of USD 82 million and USD 23 million respectively. Major contribution to the index decline came from Commercial Banks (-1.92%), Food and Personal care Products (-1.05%), Oil & Gas Exploration Companies (-1.06%), Cement Sector (-0.67%) and Automobile Assembler (-0.56%). However, some of the losses were compensated due to positive contribution from Fertilizer (+0.61%) sector as surged by 4%. By end of the quarter, the KSE-100 was trading at an annual trailing P/E of 5.6x and dividend yield of 9% underscoring that despite market sentiment valuations remain compelling.

FUTURE OUTLOOK

Overall, we remain optimistic about the economic outlook for FY20 where real GDP growth is expected to reach 3.5% as compared to 3.27% registered during FY19. As per the SBP, CPI is expected to range between 11%-12% during the year, with a hike in inflation is expected due to one-off impacts of regulatory measures introduced in Budget FY20 coupled with increase in energy and gas prices effective from 1QFY20. As depicted by REER of below 100, the bulk of currency adjustments have played out where the local currency has already strengthened during 1QFY20. Current account deficit has exceptionally narrowed by 63% to 1,548 million (2.2%) where we expect the external deficit to remain in a controlled range following the down cycle in capital inflows and consumption demand. Any increase in international crude oil prices may adversely impact this outlook; however, the general market consensus on crude prices remains neutral to negative at least until US-China trade talks progress. Moreover, USD 3.2 billion (USD 275 per month) facility from Saudi Arabia from the Start of FY20 will ease pressure on foreign reserves. As per the Press release of SBP, the Central Bank expects decrease in inflation from second half of FY20. A decrease in inflation will provide room for the State Bank to initiate monetary easing and growth related policies. That said, we expect reversal in interest rates during second half of FY20 as indicative of the yields of long-term government paper.

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Any revival of the benchmark index can be expected due to re-rating of Price to Earnings (P/E) after monetary easing. Currently the benchmark index is trading at an appealing multiyear low P/E of 5.6x, despite offering ROE and Dividend Yield of 16% and 9% for FY20, indicating some of the highest total returns amongst regional markets. Expected clearance of legal hurdles on GIDC Ordinance and any decision on resolution of circular debt will put index heavy weights Fertilizer and Energy sectors center stage.

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.

Range (Units)	No. of Investors
0.1 - 9,999	626
10,000 - 49,999	29
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, 2019

		Un-audited September 30 2019 (Rupees in '000)	Audited June 30 2019
Assets			
Bank balances	5	9,540	10,605
Investments	6	344,079	365,421
Dividend and other receivables		3,059	777
Security deposits		2,600	2,600
Total Assets		359,278	379,403
Liabilities			
Remuneration payable to the Management Company		211	235
Remuneration payable to the Trustee		59	62
Annual fee payable to the Securities and Exchange Commission of Pakistan		18	402
Accrued expenses and other liabilities	10	4,325	4,186
Unclaimed dividend		3,728	3,728
Total Liabilities		8,341	8,613
Contingencies and Commitments	16	-	-
Net Assets		350,937	370,790
Unit holders' fund (as per statement attached)		350,937	370,790
		(Number of Units)	
Number of units in issue		33,454,647	33,326,037
		(Rupees)	
Net assets value per unit (face value per unit Rs. 10/-)		10.49	11.13

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

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30	
Note	2019	2018
	(Rupees in '000)	
Investment income		
Loss on sale of investments - net	(604)	(628)
Dividend income	5,131	5,057
Profit on bank balances	337	204
investment classified as 'at Fair Value through profit or loss'-net	(24,811)	(14,399)
	(19,947)	(9,766)
Expenses		
Remuneration to the Management Company	7 652	859
Remuneration to the Trustee	8 178	229
Annual fee to the Securities and Exchange Commission of Pakistan	9 18	109
Bank charges	4	7
Auditors' remuneration	67	76
Other expenses	12 465	573
	1,384	1,853
Net loss from operating activities	(21,331)	(11,619)
Net loss for the period before taxation	(21,331)	(11,619)
Taxation	13 -	-
Net (loss) for the period after taxation	(21,331)	(11,619)
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	-	-
-Excluding Capital gains	-	-
	-	-

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

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	Quarter ended September 30	
	2019	2018
	(Rupees in '000)	
Net loss for the period after taxation	(21,331)	(11,619)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	<u>(21,331)</u>	<u>(11,619)</u>

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

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30	
	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period after taxation	(21,331)	(11,619)
Adjustments for non cash items:		
Unrealized diminution in the fair value of investments 'at fair value through profit or loss -net	24,811	14,399
	3,480	2,780
(Increase) / decrease in assets		
Investments	(3,469)	602
Dividend and other receivables	(2,282)	(2,958)
	(5,751)	(2,356)
(Decrease) / Increase in liabilities		
Remuneration payable to the Management Company	(24)	(15)
Remuneration payable to the Trustee	(3)	(4)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(384)	(342)
Accrued expenses and other liabilities	139	121
	(272)	(240)
Net cash (used in)/ generated from operating activities	(2,543)	184
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issuance of units	2,240	14,427
Cash paid on redemption of units	(762)	(76)
Distribution to unit holders' in cash	-	(16,250)
Net cash flows generated from / (used in) financing activities	1,478	(1,899)
Net cash used in cash and cash equivalents during the period	(1,065)	(1,715)
Cash and cash equivalents at beginning of the period	10,605	13,965
Cash and cash equivalents at end of the period	9,540	12,250

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended 'September 30					
	2019			2018		
	----- (Rupees in '000) -----					
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
Net assets at beginning of the period	360,051	10,739	370,790	342,764	118,334	461,098
Issue of 206,445 units (2018: 1,038,998 units)						
- Capital value (at net asset value per unit at the beginning of the period)	2,297	-	2,297	14,452	-	14,452
- Element of income	(57)	-	(57)	(25)	-	(25)
Total proceeds on issuance of units	2,240	-	2,240	14,427	-	14,427
Redemption of 77,833 units (2018: 5,548 units)						
- Capital value (at net asset value per unit at the beginning of the period)	866	-	866	77	-	77
- Element of income	(104)	-	(104)	(1)	-	(1)
Total payments on redemption of units	762	-	762	76	-	76
Net income for the period less distribution	-	(21,331)	(21,331)	-	(11,619)	(11,619)
Distribution during the period	-	-	-	-	(16,250)	(16,250)
Net (loss) / income for the period less distribution	-	(21,331)	(21,331)	-	(27,869)	(27,869)
	361,529	(10,592)	350,937	357,115	90,465	447,580
Undistributed income brought forward		10,739			118,334	
Accounting income available for distribution						
- Relating to capital gains	-	-		-	-	
- Excluding capital gains	-	-		-	-	
Element of income- that form part of the unitholders' fund	-	-		-	-	
Net Loss for the period after taxation		(21,331)			(11,619)	
Distribution during the period		-			(16,250)	
Undistributed (loss) / Income carried forward		<u>(10,592)</u>			<u>90,465</u>	
Undistributed gain carried forward						
- Realised income	14,219	-		104,864	-	
- Unrealised (loss) / income	(24,811)	-		(14,399)	-	
	<u>(10,592)</u>	<u>-</u>		<u>90,465</u>	<u>-</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			11.13			14.42
Net assets value per unit at end of the period			10.49			13.56

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

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

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. 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 categorised 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 09, 2019. Due to specialised 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 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 (IFRSs) 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.

2.2 This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2019.

2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2019.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2019.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2019.

5 BANK BALANCES

Un-audited September 30 2019	Audited June 30 2019
(Rupees in '000)	

Profit and loss sharing accounts	5.1	9,151	10,112
Current accounts		389	493
		<u>9,540</u>	<u>10,605</u>

5.1 These represents profit and loss sharing accounts maintained with various banks carrying profit at the rate ranging from 11.25% to 11.50% (30 June 2019: ranging from 10.25% to 10.50%) per annum.

6 INVESTMENTS

***Investments in securities
classified as 'at fair value through profit or loss-net'***

Listed equity securities	6.1	<u>344,079</u>	<u>365,421</u>
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6.1 Listed equity securities - at fair value through profit or loss-net'

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2019	Acquired during the period	Bonus / right shares received / Purchased during the period including the splitting of share	Disposed during the period	Holding at end of the year 30 September 2019	Cost as of the year ended 30 September 2019	Carrying value (before revaluation as of the year ended 30 September 2019)	Market value as of 30 September 2019	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 (note 6.2)	3,220	-	-	-	3,220	1,286	1,036	934	0.27	0.27	0.00
Honda Atlas Cars (Pakistan) Limited	6,100	-	-	-	6,100	1,399	905	809	0.23	0.24	0.00
Indus Motor Company Limited	3,069	-	-	-	3,069	869	3,695	2,966	0.85	0.86	0.00
Millat Tractors Limited	5,143	-	-	500	4,643	2,552	4,004	3,250	0.93	0.94	0.01
Pak Suzuki Motor Company Limited	4,720	-	-	-	4,720	385	1,081	758	0.22	0.22	0.01
						6,491	10,721	8,717			
AUTOMOBILE PARTS & ACCESSORIES											
Agriauto Industries Limited	4,000	-	-	-	4,000	1,296	800	640	0.18	0.19	0.01
Thal Limited (Face Value Rs.5/ each)	7,171	400	-	-	7,571	1,052	2,739	1,806	0.51	0.52	0.01
						2,348	3,539	2,446			
CABLE & ELECTRICAL GOODS											
Pak Elektron Limited	58,275	-	-	-	58,275	3,289	1,167	981	0.28	0.29	0.01
						3,289	1,167	981			
CEMENT											
Bestway Cement Limited	6,200	-	-	-	6,200	1,659	639	521	0.15	0.15	0.00
Cherat Cement Company Limited	22,096	-	-	-	22,096	1,534	684	623	0.18	0.18	0.01
D.G. Khan Cement Company Limited	48,687	-	-	-	48,687	2,888	2,753	2,354	0.67	0.68	0.01
Fauji Cement Company Limited	179,850	-	-	-	179,850	2,502	2,829	2,410	0.69	0.70	0.01
Kohat Cement Company Limited	13,850	-	-	-	13,850	1,266	728	637	0.18	0.19	0.01
Lucky Cement Limited	29,933	700	-	-	30,633	7,330	11,654	10,480	2.99	3.05	0.01
Maple Leaf Cement Factory Limited	60,512	-	-	-	60,512	3,175	1,446	888	0.25	0.26	0.01
Pioneer Cement Limited	26,100	-	-	-	26,100	1,765	591	499	0.14	0.15	0.01
						22,119	21,324	18,412			
CHEMICAL											
Archroma Pakistan Limited	1,950	-	-	-	1,950	1,141	927	897	0.26	0.26	0.01
Colgate Palmolive(Pakistan) Limited	1,319	-	-	-	1,319	543	2,737	2,620	0.75	0.76	0.00
Engro Polymer & Chemicals Limited	70,497	-	-	-	70,497	2,370	1,901	1,731	0.49	0.50	0.01
ICI Pakistan Limited	3,038	-	-	-	3,038	619	1,618	1,489	0.42	0.43	0.00
Lotte Chemical Pakistan Limited	88,000	-	-	-	88,000	1,287	1,342	1,200	0.34	0.35	0.01
						5,960	8,525	7,937			
CLOSE - END MUTUAL FUND											
HBL Growth Fund- Class A	57,512	-	-	-	57,512	995	594	431	0.12	0.13	0.00
						995	594	431			

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2019	Acquired during the period	Bonus / right shares received / Purchased during the period including the splitting of share	Disposed during the period	Holding at end of the year 30 September 2019	Cost as of the year ended 30 September 2019	Carrying value (before revaluation as of the year ended 30 September 2019)	Market value as of 30 September 2019	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	39,962	-	-	-	39,962	2,524	4,197	3,468	0.99	1.01	0.00
Askari Bank Limited	96,313	-	-	5,000	91,313	1,396	1,727	1,606	0.46	0.47	0.01
Bank AL Habib Limited	167,832	6,000	-	-	173,832	6,013	13,568	11,614	3.31	3.38	0.02
Bank Alfalah Limited	162,335	4,000	-	-	166,335	3,375	7,244	6,810	1.94	1.98	0.01
Faysal Bank Limited	107,180	-	-	-	107,180	1,006	2,307	1,718	0.49	0.50	0.01
Habib Bank Limited	170,083	6,500	-	-	176,583	32,600	20,031	20,867	5.95	6.06	0.01
Habib Metropolitan Bank Limited	107,568	-	-	-	107,568	2,342	3,881	3,114	0.89	0.91	0.01
MCB Bank Limited	96,728	1,500	-	-	98,228	16,398	17,137	16,657	4.75	4.84	0.01
Meezan Bank Limited	74,530	-	-	-	74,530	4,783	6,496	5,369	1.53	1.56	0.01
National Bank of Pakistan	123,238	-	-	-	123,238	4,839	4,148	3,568	1.02	1.04	0.01
Standard Chartered Bank (Pak) Ltd	45,848	-	-	-	45,848	438	1,028	1,072	0.31	0.31	0.00
The Bank of Punjab	262,659	-	-	-	262,659	2,631	2,403	2,290	0.65	0.67	0.01
United Bank Limited	113,829	4,000	-	-	117,829	17,559	17,345	16,288	4.64	4.73	0.01
						95,904	101,512	94,441			
ENGINEERING											
International Industries Limited	12,000	-	1,200	-	13,200	3,181	925	915	0.26	0.27	0.01
International Steels Limited	35,000	-	-	-	35,000	841	1,390	1,391	0.40	0.40	0.01
						4,022	2,315	2,306			
FERTILIZER											
Engro Corporation Limited	73,631	2,500	-	-	76,131	12,970	20,213	20,319	5.79	5.91	0.01
Engro Fertilizer Limited	139,775	4,500	-	-	144,275	10,271	9,246	9,844	2.81	2.86	0.01
Fatima Fertilizer Company Limited	69,734	-	-	-	69,734	1,799	2,082	1,907	0.54	0.55	0.00
Fauji Fertilizer Bin Qasim Limited	72,451	-	-	-	72,451	2,465	1,321	1,074	0.31	0.31	0.01
Fauji Fertilizer Company Limited	162,550	3,000	-	-	165,550	15,745	14,452	15,401	4.39	4.48	0.01
						43,250	47,314	48,545			
FOOD & PERSONAL CARE PRODUCTS											
Frieslandcampina Engro Pakistan Limited	16,674	-	-	-	16,674	1,597	973	975	0.28	0.28	0.00
Fauji Foods Limited	20,000	-	-	-	20,000	498	264	209	0.06	0.06	0.00
Murree Brewery Company Limited	2,830	-	-	-	2,830	355	2,161	1,967	0.56	0.57	0.01
National Foods Limited	7,780	800	-	-	8,580	1,493	1,562	1,612	0.46	0.47	0.01
Nestle Pakistan Limited	1,069	-	-	540	529	4,581	3,527	2,954	0.84	0.86	0.00
						8,524	8,487	7,717			
GLASS & CERAMICS											
Ghani Glass Limited	36,502	-	-	-	36,502	2,007	1,604	1,488	0.42	0.43	0.01
						2,007	1,604	1,488			

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2019	Acquired during the period	Bonus / right shares received / Purchased during the period including the splitting of share	Disposed during the period	Holding at end of the year 30 September 2019	Cost as of the year ended 30 September 2019	Carrying value (before revaluation as of the year ended 30 September 2019)	Market value as of 30 September 2019	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 -----			
INSURANCE											
Adamjee Insurance Company Limited	56,240	-	-	-	56,240	1,741	1,971	1,578	0.45	0.46	0.02
EFU General Insurance Limited	15,237	-	-	-	15,237	745	1,529	1,376	0.39	0.40	0.01
IGI Holdings Limited	7,816	-	-	-	7,816	457	1,188	1,140	0.32	0.33	0.01
Jubilee Life Insurance Company Limited	3,547	-	-	-	3,547	1,732	796	1,117	0.32	0.32	0.00
						4,675	5,484	5,211			
INV. BANKS / INV. COS. / SECURITIES COS.											
Dawood Hercules Corporation Limited	72,396	1,000	-	-	73,396	4,920	8,168	8,881	2.53	2.58	0.02
Pakistan Stock Exchange Limited	65,000	-	-	-	65,000	1,454	845	548	0.16	0.16	0.01
						6,374	9,013	9,429			
JUTE											
Crescent Jute Products Limited	500	-	-	-	500	3	-	-	0.00	0.00	-
						3	-	-			
LEASING COMPANIES											
Orix Leasing Pakistan Limited	17,440	-	-	-	17,440	774	429	450	0.13	0.13	0.01
						774	429	450			
LEATHER & TANNERIES											
Service Industries Limited	1,250	-	-	-	1,250	750	617	673	0.19		0.01
						750	617	673			
MISCELLANEOUS											
Pakistan Services Limited	5,550	160	-	-	5,710	1,880	5,825	6,053	1.72	1.76	0.02
Shifa International Hospitals Limited	5,954	-	-	-	5,954	1,034	1,309	1,339	0.38	0.39	0.01
						2,914	7,134	7,392			
MODARABAS											
First Habib Modaraba	14,500	-	-	-	14,500	154	136	145	0.04	0.04	0.01
						154	136	145			
OIL & GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited	5,535	100	-	-	5,635	1,042	5,683	5,067	1.44	1.47	0.00
Oil & Gas Development Company Limited	149,537	5,500	-	-	155,037	19,797	20,341	19,074	5.44	5.54	0.00
Pakistan Oilfields Limited	30,334	1,000	-	-	31,334	9,610	12,691	11,904	3.39	3.46	0.01
Pakistan Petroleum Limited	129,192	4,000	-	-	133,192	14,128	19,192	18,118	5.16	5.27	0.01
						44,577	57,907	54,163			

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2019	Acquired during the period	Bonus / right shares received / Purchased during the period including the splitting of share	Disposed during the period	Holding at end of the year 30 September 2019	Cost as of the year ended 30 September 2019	Carrying value (before revaluation as of the year ended 30 September 2019)	Market value as of 30 September 2019	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 -----			
OIL & GAS MARKETING COMPANIES											
Attock Petroleum Limited	5,640	-	-	-	5,640	1,670	1,627	1,737	0.49	0.50	0.01
Hascol Petroleum Limited	15,455	-	-	-	15,455	2,675	1,061	314	0.09	0.09	0.01
Pakistan State Oil Company Limited	40,163	1,000	-	-	41,163	6,561	6,968	6,483	1.85	1.88	0.01
Shell Pakistan Limited	4,751	-	-	-	4,751	469	867	648	0.18	0.19	0.00
Sui Northern Gas Pipelines Limited	64,670	2,500	-	-	67,170	4,475	4,657	4,138	1.18	1.20	0.01
Sui Southern Gas Company Limited	85,328	-	-	7,500	77,828	1,528	1,609	1,330	0.38	0.39	0.01
						17,378	16,789	14,650			
PAPER & BOARD											
Packages Limited	6,089	-	-	-	6,089	1,367	1,830	1,821	0.52	0.53	0.01
						1,367	1,830	1,821			
PHARMACEUTICALS											
Abbot Laboratories (Pakistan) Limited	4,765	-	-	-	4,765	3,624	2,262	1,677	0.48	0.49	0.00
AGP Limited	22,500	-	-	-	22,500	1,804	1,542	1,454	0.41	0.42	0.01
Glaxo Smithkline Pakistan Limited	11,073	-	-	-	11,073	603	1,056	1,065	0.30	0.31	0.00
Glaxosmithkline Consumer Healthcare Pakistan Lim	3,000	-	-	-	3,000	926	579	629	0.18	0.18	0.00
The Searle Company Limited	21,994	1,000	-	-	22,994	4,385	3,354	3,178	0.91	0.92	0.01
						11,342	8,793	8,003			
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited	214,995	19,500	-	-	234,495	15,645	18,360	16,591	4.73	4.82	0.02
K-Electric Limited (Face value of Rs .35/- each)	650,648	-	-	-	650,648	3,532	2,856	2,310	0.66	0.67	0.00
Kot Addu Power Company Limited	103,779	-	-	-	103,779	6,756	3,775	3,452	0.98	1.00	0.01
Nishat Chunion Power Limited	38,465	-	-	-	38,465	944	670	667	0.19	0.19	0.01
Saif Power Limited	46,000	-	-	-	46,000	1,281	863	713	0.20	0.21	0.01
						28,158	26,524	23,733			
REAL ESTATE INVESTMENT TRUST											
Dolmen City REIT	129,500	-	-	-	129,500	1,343	1,317	1,270	0.36	0.37	0.01
						1,343	1,317	1,270			
REFINERY											
Attock Refinery Limited	9,273	-	-	-	9,273	1,138	717	724	0.21	0.21	0.01
National Refinery Limited	5,493	-	-	-	5,493	1,317	623	629	0.18	0.18	0.01
BYCO Petroleum Limited	124,000	-	-	-	124,000	1,125	795	653	0.19	0.19	0.00
						3,580	2,135	2,006			
SUGAR & ALLIED INDUSTRIES											
Shakarganj Limited	9,000	-	-	-	9,000	515	422	307	0.09	0.09	0.01
						515	422	307			

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2019	Acquired during the period	Bonus / right shares received / Purchased during the period including the splitting of share	Disposed during the period	Holding at end of the year 30 September 2019	Cost as of the year ended 30 September 2019	Carrying value (before revaluation as of the year ended 30 September 2019)	Market value as of 30 September 2019	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 -----		
SYNTHETICS AND RAYON											
Ibrahim Fibres Limited	2,000	-	-	-	2,000	122	120	120	0.03	0.03	0.00
						122	120	120			
TECHNOLOGY & COMMUNICATION											
Pakistan Telecommunication Company Ltd	140,017	-	-	-	140,017	1,558	1,158	966	0.28	0.28	0.00
Systems Limited	14,300	1,500	-	-	15,800	1,379	1,506	1,315	0.37	0.38	0.01
TRG Pakistan Limited	108,855	-	-	-	108,855	3,294	1,781	1,431	0.41	0.42	0.02
						6,231	4,445	3,712			
TEXTILE COMPOSITE											
Gul Ahmed Textile Mills Limited	24,000	-	-	-	24,000	1,292	1,131	1,139	0.32	0.33	0.01
Kohinoor Textile Mills Limited	49,695	-	-	-	49,695	1,657	1,245	1,180	0.34	0.34	0.02
Nishat (Chunian) Limited	23,830	-	-	-	23,830	809	835	798	0.23	0.23	0.01
Nishat Mills Limited	35,847	-	-	-	35,847	2,065	3,346	3,011	0.86	0.88	0.01
						5,823	6,557	6,128			
TEXTILE SPINNING											
Gadoon Textile Mills Limited	1,500	-	-	-	1,500	300	208	195	0.06	0.06	0.01
						300	208	195			
TEXTILE WEAVING											
Shahtaj Textile Limited	426	-	-	-	426	41	41	41	0.01	0.01	0.00
						41	41	41			
TOBACCO											
Pakistan Tobacco Company Limited	2,900	-	-	-	2,900	772	7,252	7,004	2.00	2.04	0.00
Philip Morris (Pakistan) Limited	680	-	-	-	680	1,293	2,434	2,197	0.63	0.64	0.00
						2,065	9,686	9,201			
TRANSPORT											
Pakistan International Bulk Terminal Limited	230,935	-	-	20,000	210,935	2,635	1,780	1,645	0.47	0.48	0.01
						2,635	1,780	1,645			
VANASPATI & ALLIED INDUSTRIES											
Unity Foods Limited	39,774	-	-	-	39,774	414	404	348	0.10	0.10	0.01
						414	404	348			
WOOLLEN											
Bannu Woollen Mills Limited	500	-	-	-	500	24	17	15	0.00	0.00	0.01
						24	17	15			
Total as at 30 September 2019						336,468	368,890	344,079			
Total as at 30 June 2019						333,973	468,670	365,421			

- 6.2** 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.
- 6.3** These include 100,000 shares having market value of Rs. 12.303 million of Oil and Gas Development Company Limited as pledged with National Clearing Company of Pakistan Limited as on 30 September 2019.

7 REMUNERATION TO THE MANAGEMENT COMPANY

The Management Company has charged remuneration at the rate of 0.75% (June 30, 2019: 0.75%) per annum of the average daily net assets. The remuneration is paid to the Management Company on a monthly basis in arrears.

8 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. 0.20% per annum of the daily average net assets of the Fund.

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.

9 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 0.02% (2019: 0.095%) of the average daily net assets of the Fund.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	2019	2019
	Un-audited	Audited
	September 30	June 30
	(Rupees in '000)	
Auditors' remuneration	332	266
Sales tax payable on Management Company's remuneration	10.1	27
Federal excise duty on management remuneration	10.2	1,357
Allocated expenses by the Management Company	10.3	87
Payable to management company against expenses	1	1
Provision against Sindh Workers' Welfare Fund	10.4	2,179
Sindh sales tax on trustee fees & CDS Charges	8	8
Withholding tax payable	3	2
Other liabilities	331	311
	4,325	4,186

- 10.1** During the period, an amount of Rs. 0.085 million (2019: Rs 0.112 million) was charged on account of sales tax on management fee and an amount of Rs. 0.023 million (2019: Rs 0.03 million) was charged on account of sales tax on Trustee Fee and CDS Charges levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2019: 13%).
- 10.2** 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 September 30, 2019 amounting to Rs 1.357 million (2019: 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, 2019 would have been higher by Re 0.04 per unit (2019: Re 0.04 per unit).

- 10.3** During the previous 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 charged expenses at the rate of 0.1 percent of the average annual net assets of the Fund for the periods from July 1, 2019 to September 30, 2019, being lower than actual expenses.

- 10.4** 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).

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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, 2019 would have been higher by Re 0.07 per unit (June 30, 2019: Re 0.07 per unit).

11 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2019 is 1.59% (2018: 1.60%) which includes 0.17% (2018: 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 2.50% prescribed under the NBFC Regulations.

12 OTHER EXPENSES	Un-Audited September 30 2019	Un-Audited September 30 2018
Printing and stationery	38	50
National Clearing Company of Pakistan Limited charges	91	91
Central Depository Company of Pakistan Limited charges	2	3
Pakistan Stock Exchange listing fee	7	7
Legal and professional charges	108	91
Fees and subscription	12	-
Sales tax on Management Company's remuneration	85	112
Sales tax on trustee fees & CDS Charges	23	30
Allocated Expenses by the management company	87	113
Sindh workers' welfare fund	-	53
Security Transaction Cost	12	23
	465	573

13 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute not less than 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 Company intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been in these financial statements. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on Fund as per Section 4B of the Income Tax Ordinance, 2001.

14 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 2019. 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 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.

14.1 Details of transactions with connected persons / related parties during the period	Note	Unaudited For the quarter ended September	
		2019	2018
		(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund			
Remuneration for the period		652	859
Sindh Sales tax on Management Company's Remuneration*		85	112
Allocated expenses by the management company		87	115
Sales Load		-	1
* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.			
National Bank of Pakistan Employees Pension Fund (having invested more than 10% in the units of the Fund)			
Units issued : Nil (2018: 926,031)		-	12,881
Dividend paid		-	14,772
AKD Investment Management Limited Staff Provident Fund			
Units issued : Nil (2018: 30,403)		-	411
Redemption of units : Nil (2018: Nil)		-	-
Dividend paid		-	161
Central Depository Company of Pakistan Limited - Trustee			
Trustee Fee		178	229
Central Depository Service charges		2	3
Sindh Sales Tax on Trustee Fee and CDS Charges		23	30

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	Un-Audited September 30 2019 (Rupees in '000)	Audited June 30 2019
14.2 Balances outstanding at the period / year end		
AKD Investment Management Limited - Management Company of the Fund		
Remuneration payable	211	235
Allocated expenses by management company payable	87	31
Payable to Management Company - Others	1	1
Sindh sales tax payable on Management Company's remuneration*	27	31
Federal Excise Duty payable on Management Company's remuneration*	1,357	1,357
Sales Load payable	1	1
Payable to Central Depository Company of Pakistan - Trustee		
Remuneration payable	59	62
Security deposit	100	100
CDS charges payable	1	1
Sales tax CDS charges & Trustee Fee payable	8	8

*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 2019: 390) units	4	4
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AKD Investment Management Limited

Staff Provident Fund

Number of units outstanding : 459,875 (30 June 2019: 459,875)	4,824	5,117
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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 89.37% of the total units in issue as at the period end (30 June 2019 : 29,898,676 (89.72% of the total units in issue as at the year end))	313,634	332,656
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15 Rating of the Fund and the management company

Agency	AKD Investment Management Limited (Management Company of the Fund)
Asset Manager Rating	PACRA AM3 ++
Date	9-Aug-19

18 GENERAL

18.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed financial statements were authorised for issue on October 26, 2019 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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