

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 Opportunity Fund

Financial Statements - First Quarter FY19

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AKD Opportunity 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
Bank Al Habib Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Soneri Bank Limited
Summit 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,
I.I. Chundrigar Road,
Karachi

REGISTRAR

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

DISTRIBUTORS

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

RATING - AKDOF

BY PACRA
Performance Ranking

Long-term

4-Star (3 & 5 Years)

Short-term

3-Star (1 Year)

FUND MANAGER'S REPORT

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

Open - end Equity Scheme

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

The investment objective of the Fund is to invest in the capital markets, searching for the optimal combination of investment strategies, mainly in equities, followed by fixed income and money market as contingent defensive strategy.

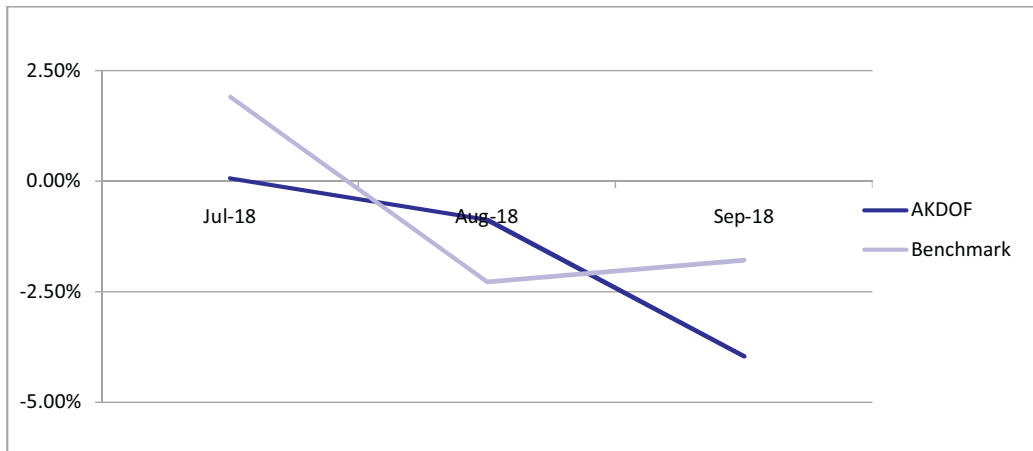
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY19, the return of AKD Opportunity Fund stood at -4.74% 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 its said benchmark:



Monthly yield	Jul-18	Aug-18	Sep-18
AKDOF	0.06%	-0.87%	-3.94%
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 Opportunity Fund is an open - end equity scheme; the return of the Fund is generated through investment in value stocks which have strong growth potential. AKDOF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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

Asset Allocation (% of Total Assets)	30-Sep-18	30-Jun-18
Equities	98.93%	99.22%
Cash	0.77%	0.52%
Other Assets	0.31%	0.26%

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

1QFY18 Return	-4.74%
Benchmark Return	-2.18%

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

Net Asset Value			NAV Per Unit	
30-Sep-18	30-Jun-18	Change in Net Assets	30-Sep-18	30-Jun-18
(Rupees In "000")			Rs.	Rs.
2,358,308	2,481,875	-4.98%	78.93	82.85

- x) 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

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 anupurge 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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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.

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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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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.

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.

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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.

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

There were no significant changes in the state of affairs during the period and up till the date of Fund Manager's report under review.

xii) Disclosure of any split (if any), comprising:

There were no unit splits during the period.

xiii) Break down of unit holding size:

Range (Units)	No. of Investors
0.1 - 9,999	1415
10,000 - 49,999	180
50,000 - 99,999	35
100,000 - 499,999	40
500,000 and above	10
	1680

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

Investments are subject to credit and market risk.

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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2018

	Note	(Un-Audited) 30 September 2018 (Rupees in '000)	(Audited) 30 June 2018
Assets			
Bank balances	4	18,442	13,444
Investments	5	2,376,862	2,563,917
Dividend, profit and other receivable	6	4,751	3,997
Security deposits & Prepayments	7	2,621	2,600
Total Assets		2,402,676	2,583,958
Liabilities			
Remuneration payable to the Management Company	8	3,975	4,359
Remuneration payable to the Trustee	9	278	298
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	595	2,621
Payable against purchase of investments (subsequently paid)		533	3,135
Amount payable on redemption of units (subsequently paid)		-	51,784
Accrued expenses and other liabilities	11	38,732	39,631
Unclaimed dividend		255	255
Total Liabilities		44,368	102,083
Contingencies and Commitments			
	13		
Net Assets		2,358,308	2,481,875
Unit holders' fund (as per statement attached)		2,358,308	2,481,875
(Number of Units)			
Number of units in issue		29,878,059	29,954,704
(Rupees)			
Net assets value per unit (face value per unit Rs. 50/-)		78.93	82.85

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	2018 (Rupees in '000)	2017
Income			
Gain on sale of investments - net		13,838	11,412
Dividend income		6,752	8,340
Profit/markup on:			
- bank balances		695	1,634
		21,285	21,386
Unrealized diminution in the fair value of investments 'at fair value through profit or loss - net		(118,871)	(127,482)
		(97,586)	(106,096)
Expenses			
Remuneration to the Management Company		12,532	14,745
Remuneration to the Trustee		879	989
Annual fee to the Securities and Exchange Commission of Pakistan		595	700
Reimbursable Expenses		626	737
Securities transaction cost		787	651
Bank charges		14	14
Auditors' remuneration		76	76
Other expenses	14	2,074	2,364
		17,583	20,276
Net loss from operating activities		(115,169)	(126,372)
Taxation	15	-	-
Net loss for the period after taxation		(115,169)	(126,372)
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 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**

	2018	2017
	(Rupees in '000)	
Net loss for the period after taxation	(115,169)	(126,372)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u>(115,169)</u>	<u>(126,372)</u>

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

	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period after taxation	(115,169)	(126,372)
Adjustments for non cash items:		
Unrealized diminution in the fair value of investments 'at fair value through profit or loss - net	118,871	127,482
	3,702	1,110
Decrease / (increase) in assets		
Investments	68,184	174,606
Receivable against sale of investment	-	12,630
Security deposits & prepayments	(21)	(21)
Dividend, profit and other receivable	(754)	15,342
	67,409	202,557
(Decrease) / increase in liabilities		
Remuneration payable to the Management Company	(384)	265
Remuneration payable to the Trustee	(20)	33
Annual fee payable to the Securities and Exchange Commission of Pakistan	(2,026)	(1,899)
Payable against purchase of investments	(2,602)	(928)
Payable against redemption of units	(51,784)	-
Accrued expenses and other liabilities	(899)	(36,045)
Unclaimed dividend	-	(7)
	(57,715)	(38,581)
Net cash flow generated from operating activities	13,396	165,086
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	541,075	802,780
Cash paid on redemption of units	(549,473)	(887,549)
Net cash flow used in financing activities	(8,398)	(84,769)
Net increase in cash and cash equivalents during the period	4,998	80,317
Cash and cash equivalents at beginning of the period	13,444	94,169
Cash and cash equivalents at end of the period	18,442	174,486

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

	2018			2017		
	(Rupees in '000)					
	Capital value	Undistributed income	Net assets	Capital value	Undistributed income	Net assets
Net assets at beginning of the period	1,933,971	547,904	2,481,875	2,160,659	939,844	3,100,503
Issue of 6,651,426 units (2017: 8,657,628 units)						
- Capital value (at net asset value per unit at the beginning of the year)	551,099	-	551,099	829,356	-	829,356
- Element of income	(10,024)	-	(10,024)	(26,576)	-	(26,576)
Total proceeds on issuance of units	541,075	-	541,075	802,780	-	802,780
Redemption of 6,728,071 units (2017: 9,230,631 units)						
- Capital value (at net asset value per unit at the beginning of the year)	557,450	-	557,450	884,246	-	884,246
- Element of income	(7,977)	-	(7,977)	(24,446)	-	(24,446)
Total payments on redemption of units	549,473	-	549,473	859,800	-	859,800
Total comprehensive (loss) / income for the period	-	(115,169)	(115,169)	-	(126,372)	(126,372)
Distribution during the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(115,169)	(115,169)	-	(126,372)	(126,372)
Net assets at end of the period	1,925,573	432,735	2,358,308	2,103,639	813,472	2,917,111
Undistributed income brought forward						
- Realised income		939,338			858,262	
- Unrealised income		(391,434)			81,582	
		<u>547,904</u>			<u>939,844</u>	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	-			-		
Net loss for the period after taxation		(115,169)			(126,372)	
Distribution during the period		-			-	
Undistributed gain carried forward		<u>432,735</u>			<u>813,472</u>	
Undistributed gain carried forward						
- Realised income		551,606			940,954	
- Unrealised (loss) / income		(118,871)			(127,482)	
		<u>432,735</u>			<u>813,472</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			82.85			95.79
Net assets value per unit at end of the period			78.93			91.75

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 Opportunity Fund ("the Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules). The Fund is governed under the Rules and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). It has been constituted under the trust deed, dated 19 December 2005, between AKD Investment Management Limited (AKDIML) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on 7 December 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 December 2005 in accordance with the Rules. Accordingly title to the assets of the Fund is held in the name of Central Depository Company of Accordingly title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund. The Fund is registered as a notified entity under the Regulations.

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 Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited). Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund.

The Fund is categorized as Equity Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall invest at least 70% of its net assets in listed equity securities and the remaining net assets shall be invested in cash or near cash instruments which include cash in bank accounts (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 10 August 2018. PACRA has also assigned performance ranking of "MFR 3-Star" to the Fund in performance period of 1 year and "MFR 4-Star" in 3 year and 5 year categories on 24 May 2018.

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. BASIS OF PRESENTATION

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'. 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. As at June 30, 2018 and September 30, 2018 all the equity investment of the Fund were classified in 'Financial assets at fair value through profit or loss'.

		(Un-audited) September 30 2018	(Audited) June 30 2018
(Rupees in '000)			
4	BANK BALANCES		
	Savings accounts	4.1 18,287	13,287
	Current accounts	155	157
		18,442	13,444

- 4.1** These represents saving 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 6.00%) per annum.

5 INVESTMENTS

Investments in securities at fair value through profit or loss

			(Un-audited) September 30 2018	(Audited) June 30 2018
	Listed equity securities	5.1	2,376,862	2,563,917

5.1 Listed equity securities

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 during the period	Disposed during the period	Holding at end of the 30 September 2018	Cost as on Sep. 30, 2018	Carrying value as on Sep. 30, 2018	Market value as on Sep. 30, 2018	Percentage in relation to total market value of investment	Market value as a percentage of net assets	Percentage of paid-up capital of the investee company held
	(Number of Shares)										
	(Rupees in '000)										
	(Percentage)										
AUTOMOBILE ASSEMBLER											
Atlas Honda Limited	100,000	-	-	-	100,000	35,667	51,000	42,000	1.77	1.78	0.10
Ghanshara Nissan Limited	126,665	-	-	-	126,665	24,844	22,758	15,656	0.66	0.66	0.22
Honda Atlas Cars (Pakistan) Limited	50	-	-	-	50	27	16	13	0.00	0.00	0.00
Millat Tractors Limited	3,000	-	-	3,000	-	-	-	-	-	-	-
						60,558	73,774	57,669			
AUTOMOBILE PARTS & ACCESSORIES											
General Tyre & Rubber Company Of Pakistan Limited	23,700	-	-	-	23,700	5,545	3,939	3,861	0.16	0.16	0.04
Thal Limited (Face value of 5/- each)	275,500	-	-	-	275,500	60,954	131,559	120,396	5.07	5.11	0.34
						66,499	135,498	124,257			
CABLE & ELECTRICAL GOODS											
Pakistan Cables Limited	458,625	4,000	-	-	462,625	80,480	86,540	91,729	3.86	3.89	1.30
						80,480	86,540	91,729			
CEMENT											
Dewan Cement Limited	1,305,000	-	-	1,005,000	300,000	7,257	5,400	4,239	0.18	0.18	0.06
Javedan Corporation Limited (Note 5.3)	7,319,000	-	-	-	7,319,000	250,154	262,020	276,073	11.62	11.71	2.74
						257,411	267,420	280,312			
CHEMICALS											
Alko Nobel Pakistan Limited	6,200	-	-	-	6,200	1,515	1,158	1,007	0.04	0.04	0.01
Archroma Pakistan Limited	2,850	-	-	2,850	-	-	-	-	-	-	0.00
Biafo Industries Limited	222,709	-	-	17,500	205,209	33,459	65,663	60,126	2.53	2.55	0.93
Buxly Paints Limited	31,500	-	-	-	31,500	1,356	2,940	1,853	0.08	0.08	2.19
Dyneon Pakistan Limited (Face Value of Rs. 5/- each)	20,000	-	-	5,000	15,000	2,325	1,907	1,614	0.07	0.07	0.08
Engrig Polymer & Chemicals Limited	3,175,586	2,140,000	-	5,335,586	-	-	-	-	-	-	-
Loife Chemical Pakistan Limited	11,912,500	-	-	1,497,500	10,415,000	105,048	124,563	140,498	5.91	5.96	0.69
Nimir Industrial Chemical Limited	109,624	-	-	-	109,624	5,476	7,510	6,688	0.28	0.28	0.10
						149,179	203,741	211,786			
COMMERCIAL BANKS											
Allied Bank Limited	92,200	-	-	92,200	-	-	-	-	-	-	-
Bank Islami Pakistan Limited	11,401,567	-	-	-	11,401,567	124,675	136,249	146,966	6.18	6.23	1.13
Faysal Bank Limited	1,050,000	-	-	667,500	382,500	9,972	9,945	10,270	0.43	0.44	0.03
Habib Bank Limited	190,000	209,100	-	25,000	374,100	59,099	59,972	56,628	2.38	2.40	0.03
National Bank Of Pakistan	-	644,000	-	-	644,000	33,037	33,036	33,449	1.41	1.42	0.03
Samba Bank Limited	412,000	-	-	-	412,000	1,957	3,152	3,189	0.13	0.14	0.04
Summit Bank Limited	12,132,000	-	-	-	12,132,000	35,851	26,084	12,739	0.54	0.54	0.46
United Bank Limited	-	125,000	-	-	125,000	20,224	20,224	19,250	0.81	0.82	0.01
						284,815	288,662	282,491			

AKD Opportunity Fund - Quarterly Report September 2018

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 during the period	Disposed during the period	Holding at end of the 30 September 2018	Cost as on Sep. 30, 2018	Carrying value as on Sep. 30, 2018	Market value as on Sep. 30, 2018	Percentage in relation to total market value of investment	Market value as a percentage of net assets	Percentage of paid-up capital of the investee company held	
 (Number of Shares) (Rupees in '000')						
ENGINEERING												
Aisha Steel Mills Limited	5,225,000	-	-	-	5,225,000	88,784	82,398	67,089	2.82	2.84	0.63	
Dost Steel Ltd	46,500	-	-	-	46,500	583	368	303	0.01	0.01	0.01	
International Industries Limited	200	-	-	-	200	56	46	43	0.00	0.00	0.00	
Pakistan Engineering Company Limited	6,900	-	-	-	6,900	2,401	1,692	1,349	0.06	0.06	0.12	
						91,824	84,511	68,784				
FERTILIZER												
Arif Habib Corporation Limited	75,000	-	-	25,000	50,000	2,147	1,732	1,500	0.06	0.06	0.01	
Engro Corporation Limited	50,000	25,000	-	10,000	65,000	18,087	20,442	20,256	0.85	0.86	0.01	
						20,234	22,174	21,756				
FOOD & PERSONAL CARE PRODUCTS												
Al Shaheer Corporation Limited	-	572,000	-	-	572,000	17,498	17,498	15,730	0.66	0.67	0.40	
Murree Brewery Company Limited	36,650	3,300	-	39,950	-	-	-	-	-	-	-	
Quice Food Industries Limited	5,378,000	-	-	-	5,378,000	40,259	26,890	27,697	1.17	1.17	5.46	
Treet Corporation Limited	154,395	-	-	-	154,395	10,505	5,279	4,311	0.18	0.18	0.10	
						68,262	49,667	47,738				
GLASS & CERAMICS												
Balochistan Glass Limited	1,300,000	-	-	-	1,300,000	9,076	13,702	12,610	0.53	0.53	0.50	
Ghani Glass Limited	47,500	-	-	-	47,500	3,826	2,930	2,862	0.12	0.12	0.01	
						12,902	16,632	15,472				
INSURANCE												
Askari General Insurance Company Limited	706,355	-	-	-	706,355	22,331	19,071	17,942	0.75	0.76	1.13	
EFU General Insurance Limited	557,000	-	-	-	557,000	89,187	83,399	60,713	2.55	2.57	0.28	
Pakistan Reinsurance Company Ltd.	239,000	-	-	-	239,000	10,862	7,858	7,290	0.31	0.31	0.08	
TPL Insurance Limited	71,148	-	9,249	-	80,397	179,375	1,527	1,729	0.07	0.07	0.11	
						123,066	111,855	87,674				
INVESTMENT BANK / INV. COS / SEC COS.												
Jahangir Siddiqui Co.Ltd.	5,500,000	-	-	-	5,500,000	133,553	100,045	79,750	3.36	3.38	0.60	
Jis Investments Ltd	3,158,000	-	-	-	3,158,000	55,763	29,401	28,106	1.18	1.19	3.94	
Pakistan Stock Exchange Limited	6,176,121	589,500	-	-	6,765,621	179,375	133,524	109,400	4.60	4.64	0.84	
						368,691	262,970	217,256				
MISCELLANEOUS												
TPI Properties Limited	2,500,000	-	-	-	2,500,000	31,250	23,250	20,625	0.87	0.87	0.91	
Tri-Pack Films Limited	50,000	-	-	-	50,000	13,491	6,850	6,391	0.27	0.27	0.13	
						44,741	30,100	27,016				
OIL & GAS EXPLORATION COMPANIES												
Oil & Gas Development Company Limited	94,900	-	-	19,900	75,000	11,811	11,672	11,474	0.48	0.49	0.00	
Pakistan Petroleum Limited	88,000	-	-	88,000	-	-	-	-	-	-	0.00	
						11,811	11,672	11,474				

AKD Opportunity Fund - Quarterly Report September 2018

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 during the period	Disposed during the period	Holding at end of the 30 September 2018	Cost as on Sep. 30, 2018	Carrying value as on Sep. 30, 2018	Market value as on Sep. 30, 2018	Percentage in relation to total market value of investment	Market value as a percentage of net assets	Percentage of paid-up capital of the investee company held
 (Number of Shares) (Rupees in '000') (Percentage)			
OIL & GAS MARKETING COMPANIES											
Pakistan State Oil Company Limited	95,000	-	-	-	95,000	34,429	30,239	30,290	1.27	1.28	0.03
						34,429	30,239	30,290			
PAPER AND BOARD											
Pakistan Paper Products Limited	85,500	-	-	-	85,500	7,587	10,269	12,013	0.51	0.51	1.43
						7,587	10,269	12,013			
PHARMACEUTICALS											
GlaxoSmithKline Pakistan Limited	230,200	-	-	-	230,200	61,463	38,213	34,028	1.43	1.44	0.07
The Searle Company Limited	79,432	-	-	-	79,432	45,118	26,967	25,095	1.06	1.06	0.04
						106,581	65,180	59,123			
POWER GENERATION & DISTRIBUTION											
Japan Power Generation Limited Note 5.4)	4,261,500	-	-	-	4,261,500	21,980	-	-	-	-	2.73
K-Electric Limited (Face value of 3.5 each)	32,700,000	-	-	-	32,700,000	262,122	185,736	174,945	7.36	7.42	0.12
Nishat Chunian Power Limited	200,000	-	-	-	200,000	5,900	5,628	4,932	0.21	0.21	0.05
						290,002	191,364	179,877			
REFINERY											
Attock Refinery Limited	-	120,000	-	-	-	-	-	-	-	-	-
Pakistan Refinery Limited	200,500	-	-	200,500	-	-	-	-	-	-	-
						-	-	-	-	-	-
SUGAR & ALLIED INDUSTRIES											
Imperial Sugar Limited	141,500	-	-	-	141,500	4,511	3,811	2,830	0.12	0.12	0.14
						4,511	3,811	2,830			
SYNTHETICS AND RAYON											
Pakistan Synthetics Limited	508,000	-	-	-	508,000	16,334	12,746	14,478	0.61	0.61	0.91
						16,334	12,746	14,478			
TECHNOLOGY & COMMUNICATION											
Hum Network Limited (Face value of 1/- each)	3,060,000	-	-	-	3,060,000	35,033	24,755	19,890	0.84	0.84	0.32
Pakistan Telecommunication Company Limited	2,650,000	-	-	-	2,650,000	45,103	30,316	26,500	1.11	1.12	0.07
Systems Limited	100,000	-	-	26,000	74,000	6,661	7,490	8,909	0.37	0.38	0.07
TPI Corp Limited	385,500	-	-	-	385,500	5,324	2,629	2,328	0.10	0.10	0.18
TRG Pakistan Limited (Note 5.2)	7,120,745	500,000	-	-	7,620,745	168,115	220,178	211,018	8.88	8.95	1.40
Worldcall Telecom 1 Limited	-	1,000,000	-	-	1,000,000	1,800	1,800	1,640	0.07	0.07	0.10
						262,036	287,168	270,285			

AKD Opportunity Fund - Quarterly Report September 2018

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 during the period	Disposed during the period	Holding at end of the 30 September 2018	Cost as on Sep. 30, 2018	Carrying value as on Sep. 30, 2018	Market value as on Sep. 30, 2018	Percentage in relation to total market value of investment	Market value as a percentage of net assets	Percentage of paid-up capital of the investee company held
..... (Number of Shares) (Rupees in '000')					
..... (Percentage) (Percentage)					
TEXTILE COMPOSITE											
Dawood Lawrencepur Limited	-	50000	-	-	50,000	8500	8,500	8,500	0.36	0.36	0.08
Gul Ahmed Textile Mills Limited	583,500	-	-	-	583,500	25,953	25,050	28,527	1.20	1.21	0.16
Nishat Mills Limited	300,000	-	-	-	300,000	43,179	42,276	42,177	1.77	1.79	0.09
						77,632	75,826	79,204			
TEXTILE SPINNING											
Colony Textile Mills Limited	400,000	-	-	-	400,000	2,375	1,444	1,408	0.06	0.06	0.08
Crescent Fibres Limited	37,000	-	-	-	37,000	1,038	944	897	0.04	0.04	0.30
Elicot Spinning Mills Ltd.	649,138	500	-	-	649,638	51,460	46,386	48,560	2.04	2.06	5.93
Fazal Cloth Mills Limited	600	-	-	-	600	56	90	96	0.00	0.00	0.00
Gadoon Textile Mills Limited	64,900	-	-	-	64,900	15,646	16,355	17,069	0.72	0.72	0.23
Island Textile Mills Ltd.	34,950	-	-	-	34,950	8,964	41,940	56,844	2.39	2.41	6.99
Saif Textile Mills Limited	141,000	-	-	-	141,000	2,529	2,468	2,472	0.10	0.10	0.53
						82,068	109,627	127,346			
TEXTILE WEAVING											
Samina Textiles Limited	53,500	-	-	-	53,500	440	225	216	0.01	0.01	0.20
						440	225	216			
VANASPATI & ALLIED INDUSTRIES											
Punjab Oil Mills Limited	203,900	-	-	-	203,900	52,028	57,802	48,528	2.04	2.06	3.78
S.S. Oil Mills Limited	156,500	-	-	-	156,500	6,066	6,260	7,258	0.31	0.31	2.77
						58,094	64,062	55,786			
Total as at September 30, 2018						2,580,187	2,495,733	2,376,862			
Total as at June 30, 2018						2,656,654	2,955,351	2,563,917			

5.2 This includes 2,500,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

5.3 The exposure limit of investment in a single company as a percentage of net assets exceeded by 1.71% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations.

5.4 The PSX, in exercise of the powers vested in the Exchange under Section 19(7) of the Securities Act, 2015 and the PSX Regulations; placed the M/s Japan Power Generation Limited in the Defaults' Segment and trading has been suspended since December 18, 2017.

AKD Opportunity Fund - Quarterly Report September 2018

	Note	(Un-audited) September 30 2018 (Rupees in '000)	(Audited) June 30 2018
6 DIVIDEND, PROFIT AND OTHER RECEIVABLE			
<i>Unsecured - considered good</i>			
- Mark-up on bank balances		130	121
- Dividend receivable		2,635	3,701
Advance Tax- Dividend		141	141
- Bank Profit		34	34
Amount receivable on conversion of units		1,811	-
		<u>4,751</u>	<u>3,997</u>
7 SECURITY DEPOSITS & PREPAYMENTS			
National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
Prepaid PSX Listing Fee		21	-
		<u>2,621</u>	<u>2,600</u>
8 REMUNERATION TO THE MANAGEMENT COMPANY			
<p>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 2 percent of the average daily net assets of the Fund. The Management Company charged remuneration at the rate of 2 percent per annum of the average daily net assets of the Fund during the period (2018: 2%).</p>			
Balance at beginning of the period / year		4,359	5,541
Remuneration for the period / year		12,532	55,180
Paid during the period / year		(12,916)	(56,362)
Balance at end of the period / year		<u>3,975</u>	<u>4,359</u>
9 REMUNERATION TO TRUSTEE			
<p>The Trustee is entitled to monthly remuneration for services under the provision of Trust Deed.</p>			
Net assets up to 1 billion			
<p>Rs. 0.7 million or 0.20% per annum of the daily average net assets of the Fund, which ever is higher.</p>			
Net assets exceeding 1 billion			
<p>Rs. 2 million plus 0.1% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.</p>			
Balance at beginning of the period / year		298	357
Remuneration for the period / year		879	3,759
Paid during the period / year		(899)	(3,818)
Balance at end of the period / year		<u>278</u>	<u>298</u>

10 ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to 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.

Note	(Un-audited) September 30 2018	(Audited) June 30 2018
(Rupees in '000)		
Balance at beginning of the period / year	2,621	2,599
Remuneration for the period / year	595	2,621
Paid during the period / year	(2,621)	(2,599)
Balance at end of the period / year	595	2,621

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditor's remuneration	292	216
Brokerage payable	120	490
Sales tax payable on management company remuneration, trustee fees and CDS Charges	11.1 554	607
Federal Excise Duty payable on management company remuneration	11.2 10,092	10,092
Reimbursable expense payable to management c	11.3 198	683
Payable to management company against expenses	2	2
Provision against Sindh Workers' Welfare Fund	11.4 25,951	25,951
Withholding tax payable	116	209
Zakat payable	721	721
Others	686	660
	38,732	39,631

11.1 During the period, Sindh Sales Tax management remuneration, trustee fee and CDS charges has been charged at 13% (2018:13%)

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.

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

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

In view of the above, the Fund discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till September 30, 2018 amounting to Rs 10.092 million (2018: Rs 10.092 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 condensed interim financial statements of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re 0.34 per unit (June 30, 2018: Re 0.34 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 period an amount of Rs. 0.626 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 condensed interim financial statements of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re. 0.87 per unit (June 30, 2018: Re 0.87 per unit).

12 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2018 is 0.71% which includes 0.10% 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 4% prescribed under the NBFC Regulations.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2018 and 30 June 2018.

	(Un-audited)	
	Period ended	
	September 30,	
14 OTHER EXPENSES	2018	2017
	Rupees in '000	
Printing and stationery	50	50
National Clearing Company of Pakistan Limited charges	117	109
Credit Rating fee	38	38
Central Depository Company of Pakistan Limited charges	24	34
Pakistan Stock Exchange listing fee	7	7
Sales tax on Management Company's remuneration / CDC / CDS	1,747	2,050
Legal and Professional Charges	91	76
	2,074	2,364

15 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 realized or unrealized 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. However, the Fund has incurred loss for the period, therefore there is no distribution for the current period ended accordingly, no provision for current and deferred tax has been made in this condensed interim financial statements. 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.

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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.

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16.1 Details of balances with connected persons / related parties as at period / year end	(un-Audited) September 30 2018	(Audited) June 30 2018
	(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration payable	3,975	4,359
Allocated expenses by the Management Company	198	683
Expenses payable to Management Company	2	2
Sales load payable	2	61
Units outstanding : Nil (June 30, 2018: 9,932)	-	823
Sales tax payable on Management Company's remuneration*	517	567
Federal Excise Duty payable on Management Company's remuneration*	10,092	10,092
* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.		
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	278	298
Sales tax payable on Trustee remuneration and CDS Charges	37	40
Security deposit	100	100
CDS charges payable	8	14
Receivable from other Funds Managed by the Management Company		
Receivable from Funds under Management of AKD Investment Management Limited against Conversion of units	1,811	-
Payable to other Funds Managed by the Management Company		
Payable to Funds under Management of AKD Investment Management Limited against Conversion of units	-	51,784
Arabian Sea Enterprises Limited (having invested more than 10% in the units of the Fund)		
Units outstanding : 3,573,194 (June 30, 2018: 3,573,194)	282,036	296,054
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund		
Units outstanding : 72,003 (June 30, 2018: 72,003)	5,683	5,966
AKD Investment Management Limited Staff Provident Fund		
Units outstanding : 60,308 (June 30, 2018: 55,774)	4,760	4,621
Mr. Ameer Arif Dagha		
Spouse of the Director of the Management Company Units outstanding : 137,627 (June 30, 2018: 137,627)	10,863	11,403
Spouse - Chief Executive Officer of the Management Company		
Units outstanding : 726,073 (June 30, 2018: 726,073)	57,310	60,158

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	(un-Audited) September 30 2018 (Rupees in '000)	(Audited) June 30 2018
Ms. Afsheen Aqeel Dhedhi Close relative of Mr. Aqeel Karim Dhedhi Units outstanding : 61 (June 30, 2018: 61)	5	5
Ms. Ayesha Aqeel Dhedhi Close relative of Mr. Aqeel Karim Dhedhi Units outstanding : 121 (June 30, 2018: 121)	10	10
Mr. Imran Motiwala The Chief Executive Officer of the Management Company Units outstanding : 72,199 (June 30, 2018: 43,324)	5,699	3,590
Mr. Muhammad Yaqoob The Chief Operating Officer and Company Secretary Units outstanding : 14,075 (June 30, 2018: 17,971)	1,111	1,489
Mr. Hasan Ahmed Director of the Management Company Units outstanding : 21,385 (June 30, 2018: 21,385)	1,688	1,772
Mr. Abdul Karim Director of the Management Company Units outstanding : 594 (June 30, 2018: 594)	47	49
Mr. Toqir Hussain Head of Information Technology Units outstanding : 65 (June 30, 2018: 65)	5	5
Mr. Ubaid ur Rehman Head of Retail Sales Units outstanding : 641 (June 30, 2018: 641)	51	53
Mr. Murtaza Wahab Siddiqui Spouse of the Director of the Management Company Units outstanding : 36,068 (June 30, 2018: 36,068)	2,847	2,988
Mr. Ali Wahab Siddiqui Director of the Management Company Units outstanding : 1,829 (June 30, 2018: 1,829)	144	152
Mr. Muhammad Siddiq Khokhar Director of the Golden Arrow Selected Stocks Fund Limited Units outstanding : 60 (June 30, 2018: 60)	5	5
Mr. Javaid Bashir Sheikh Director of the Golden Arrow Selected Stocks Fund Limited Units outstanding : 2,819 (June 30, 2018: 2,819)	223	234
AKD Securities Limited - Brokerage House Brokerage payable on purchase and sale of marketable securities	36	36

	(Unaudited)	
	Period ended September 30	
	2018	2017
	(Rupees in '000)	
16.2 Details of transactions with connected persons / related parties during the period		
AKD Investment Management Limited		
- Management Company of the Fund		
Remuneration for the period	12,532	14,745
Sindh Sales tax on Management Company's remuneration*	1,629	1,917
Allocated expense by the Management Company	626	737
Sales load	74	1,404
Units issued : Nil (2017: 97,112)	-	8,983
Units redeemed : 9,932 (2017: 313,942)	829	31,250
* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.		
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	879	989
CDS charges for the period	24	34
Sales tax on Trustee remuneration and CDS Charges	117	133
AKD Investment Management Limited Staff		
Provident Fund		
Units issued : 4,533 (2017: 56,278)	350	5,021
Units redeemed : Nil (2017: 53,685)	-	5,473
Ms. Anum		
Chief Investment Officer of the Management Company		
Units Issued : Nil (2017: 8,482)	-	800
Mr. Imran Motiwala		
The Chief Executive Officer of the Management Company		
Units Issued : 28,874 (2017: 16,127)	2,249	1,500
Mr. Muhammad Yaqoob		
The Chief Operating Officer and Company Secretary		
Units Issued : Nil (2017: 2,121)	-	200
Units redeemed : 3,896 (2017: Nil)	300	-
Mr. Murtaza Wahab Siddiqui		
Spouse of the Director of the Management Company		
Units Issued : Nil (2017: 22,415)	-	2,000
AKD Securities Limited - Brokerage House		
Commission on purchase and sale of marketable securities	36	61

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investments in listed equity securities - at fair value through profit and loss	2,376,862	-	-	2,376,862

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investments in listed equity securities - at fair value through profit and loss	2,563,917	-	-	2,563,917

During the period ended September 30, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

18. DATE OF AUTHORISATION FOR ISSUE

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

19. GENERAL

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

**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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