

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 Opportunity Fund

Financial Statements - First Quarter FY20

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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 Shahra-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 (Private) Limited
Investomate (Private) 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

5 year category: MFR 4- Star
3 year category: MFR 4- Star
1 year category: MFR 3- Star

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.

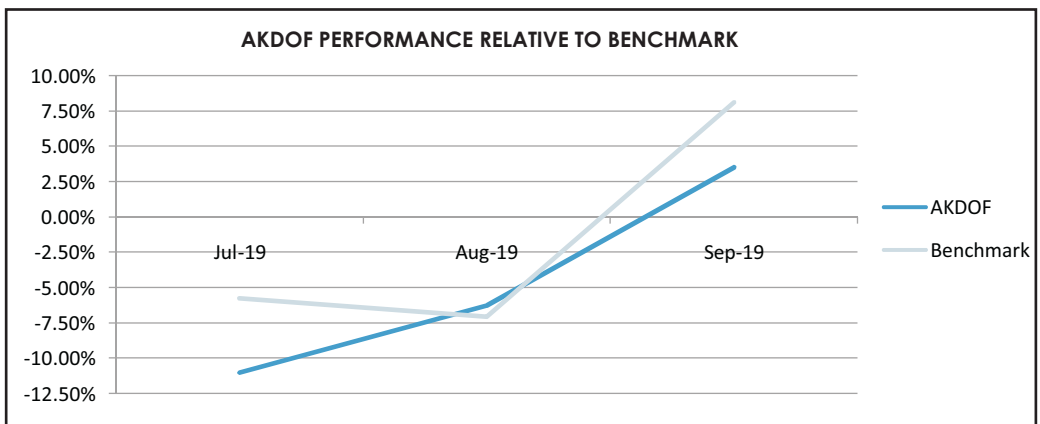
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY20, the return of AKD Opportunity Fund stood at -13.66% 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 its said benchmark:



Monthly yield	Jul-19	Aug-19	Sep-19
AKDOF	-11.03%	-6.25%	3.52%
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 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-19	30-Jun-19
Equities	99.22%	99.22%
Cash	0.41%	0.43%
Other Assets	0.37%	0.34%

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

1QFY20 Return	-13.66%
Benchmark Return	-5.38%

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

Net Asset Value			NAV Per Unit	
30-Sep-19	30-Jun-19	Change in Net Assets	30-Sep-19	30-Jun-19
(Rupees In "000")			Rs.	Rs.
1,372,320	1,728,335	-20.60%	57.00	66.01

- 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

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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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.

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	1292
10,000 - 49,999	145
50,000 - 99,999	36
100,000 - 499,999	23
500,000 and above	7
	1503

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, 2019

		(Un-Audited) 30 September 2019	(Audited) 30 June 2019
	Note	(Rupees in '000)	
Assets			
Bank balances	5	5,814	7,676
Investments	6	1,402,995	1,760,656
Receivable against sale of investment (subsequently cleared)		1,592	80
Dividend, profit and other receivable	7	1,062	3,408
Security deposits & Prepayments	8	2,621	2,600
Total Assets		1,414,084	1,774,420
Liabilities			
Remuneration payable to the Management Company	9	2,221	2,767
Remuneration payable to the Trustee	10	190	218
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	76	2,108
Payable against purchase of investments (subsequently paid)		16	2,497
Amount payable on redemption of units (subsequently paid)		525	-
Accrued expenses and other liabilities	12	38,481	38,240
Unclaimed dividend		255	255
Total Liabilities		41,764	46,085
Contingencies and Commitments	14		
Net Assets		1,372,320	1,728,335
Unit holders' fund (as per statement attached)		1,372,320	1,728,335
		(Number of Units)	
Number of units in issue		24,077,718	26,182,787
		(Rupees)	
Net assets value per unit (face value per unit Rs. 50/-)		57.00	66.01

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

Income	Note	2019 (Rupees in '000)	2018
Gain / (loss) on sale of investments - net		(18,747)	13,838
Dividend income		1,491	6,752
Profit/markup on:			
- bank balances		230	695
		(17,026)	21,285
Unrealized diminution in the fair value of investments 'at fair value through profit or loss - net		(206,521)	(118,871)
		(223,547)	(97,586)
Expenses			
Remuneration to the Management Company		7,238	12,532
Remuneration to the Trustee		613	879
Annual fee to the Securities and Exchange Commission of Pakistan		76	595
Reimburseable Expenses		362	626
Securities transaction cost		762	787
Bank charges		6	14
Auditors' remuneration		67	76
Other expenses	15	1,344	2,074
		10,468	17,583
Net loss from operating activities		(234,015)	(115,169)
Taxation	16	-	-
Net loss for the year after taxation		(234,015)	(115,169)
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 20 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

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

	2019	2018
	(Rupees in '000)	
Net loss for the period after taxation	(234,015)	(115,169)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	<u>(234,015)</u>	<u>(115,169)</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period after taxation	(234,015)	(115,169)
Adjustments for non cash items:		
Unrealized diminution in the fair value of investments 'at fair value through profit or loss - net	206,521	118,871
	(27,494)	3,702
Decrease / (increase) in assets		
Investments	151,140	68,184
Receivable against sale of investment	(1,512)	-
Security deposits & prepayments	(21)	(21)
Dividend, profit and other receivable	2,346	(754)
	151,953	67,409
(Decrease) / increase in liabilities		
Remuneration payable to the Management Company	(546)	(384)
Remuneration payable to the Trustee	(28)	(20)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(2,032)	(2,026)
Payable against purchase of investments	(2,481)	(2,602)
Payable against redemption of units	525	(51,784)
Accrued expenses and other liabilities	241	(899)
	(4,321)	(57,715)
Net cash flow generated from operating activities	120,138	13,396
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	74,114	541,075
Cash paid on redemption of units	(196,114)	(549,473)
Net cash flow used in financing activities	(122,000)	(8,398)
Net increase / (decrease) in cash and cash equivalents during the period	(1,862)	4,998
Cash and cash equivalents at beginning of the period	7,676	13,444
Cash and cash equivalents at end of the period	5,814	18,442

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

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

	2019			2018		
	----- (Rupees in '000) -----					
	Capital value	Undistributed income	Net assets	Capital value	Undistributed income	Net assets
Net assets at beginning of the period	1,662,136	66,199	1,728,335	1,933,971	547,904	2,481,875
Issue of 1,261,757 units (2018: 6,651,426 units)						
- Capital value (at net asset value per unit at the beginning of the year)	83,289	-	83,289	551,099	-	551,099
- Element of income	(9,175)	-	(9,175)	(10,024)	-	(10,024)
Total proceeds on issuance of units	74,114	-	74,114	541,075	-	541,075
Redemption of 3,366,825 units (6,728,071 units)						
- Capital value (at net asset value per unit at the beginning of the year)	222,244	-	222,244	557,450	-	557,450
- Element of income	(26,130)	-	(26,130)	(7,977)	-	(7,977)
Total payments on redemption of units	196,114	-	196,114	549,473	-	549,473
Total comprehensive (loss) / income for the period	-	(234,015)	(234,015)	-	(115,169)	(115,169)
Distribution during the period	-	-	-	-	-	-
Refund of Capital	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(234,015)	(234,015)	-	(115,169)	(115,169)
Net assets at end of the period	1,540,136	(167,816)	1,372,320	1,925,573	432,735	2,358,308
Undistributed income brought forward						
- Realised income		562,888			939,338	
- Unrealised income		(496,689)			(391,434)	
		<u>66,199</u>			<u>547,904</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
		-			-	
Net (loss) / income for the period after taxation		(234,015)			(115,169)	
Distribution during the period		-			-	
Undistributed gain / (loss) carried forward		<u>(167,816)</u>			<u>432,735</u>	
Undistributed gain carried forward						
- Realised income		38,705			551,606	
- Unrealised (loss) / income		(206,521)			(118,871)	
		<u>(167,816)</u>			<u>432,735</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			66.01			82.85
Net assets value per unit at end of the period			57.00			78.93

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Anum Dhedhi
Director

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

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 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 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. 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 Management Company has been assigned a quality rating of "AM3++" by Pakistan Credit Rating Agency Limited (PACRA) on August 09, 2019. PACRA has also assigned performance ranking of "MFR 3-Star" to the Fund in performance period of 1 year and "MFR 4-Star" to the Fund in performance period of 3 year and 5 year categories on August 30, 2019.

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) 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 IFRSs, 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 unitholders 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.

			(Un-audited)	(Audited)
			September 30	June 30
			2019	2019
			(Rupees in '000)	
5	BANK BALANCES			
	Savings accounts	5.1	5,669	7,521
	Current accounts		145	155
			5,814	7,676

5.1 These represents saving 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 at fair value through profit or loss

	Listed equity securities	6.1	1,402,995	1,760,656
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6.1 Listed equity securities - at fair value through profit or loss

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2019	Acquired during the period	Bonus / Right shares received during the period	Disposed during the period	Holding at end of the 30 September 2019	Cost as as on Sep 30, 2019	Carrying value as on Sep 30, 2019	Market value as on Sep 30, 2019	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	120,000	-	-	120,000	-	-	-	-	-	-	-
Ghandhara Industries limited	25,000	-	-	-	25,000	9,375	2,184	1,981	0.14	0.14	0.06
Ghandhara Nissan Limited	126,665	-	-	-	126,665	24,844	6,641	6,256	0.45	0.46	0.22
Honda Atlas Cars (Pakistan) Limited	255,050	-	-	120,000	135,050	30,189	20,031	17,914	1.28	1.31	0.09
						64,408	28,856	26,151			
AUTOMOBILE PARTS & ACCESSORIES											
General Tyre & Rubber Company Of Pakistan Limited	40,290	50,000	-	-	90,290	7,817	4,348	4,112	0.29	0.30	0.09
Thal Limited (Face value of 5/- each)	270,500	-	-	-	270,500	60,380	98,478	64,536	4.60	4.70	0.33
						68,197	102,826	68,648			
CABLE & ELECTRICAL GOODS											
Pakistan Cables Limited	466,725	1,100	-	-	467,825	81,256	65,693	47,250	3.37	3.44	1.31
						81,256	65,693	47,250			
CEMENT											
Cherat Cement Limited	-	109,500	-	-	109,500	3,145	3,145	3,086	0.22	0.22	0.06
Javedan Corporation Limited (Note 6.3)	7,561,020	-	-	13,000	7,548,020	238,873	241,611	201,909	14.39	14.71	2.62
						242,018	244,756	204,995			
CHEMICALS											
Akzo Nobel Pakistan Limited	6,200	-	-	-	6,200	1,516	620	601	0.04	0.04	0.01
Biafo Industries Limited	158,750	-	-	49,300	109,450	14,872	17,567	17,238	1.23	1.26	0.41
Buxly Paints Limited	31,500	-	-	-	31,500	1,356	1,377	1,363	0.10	0.10	2.19
Nimir Industrial Chemical Limited	109,624	-	-	-	109,624	5,476	5,606	5,501	0.39	0.40	0.10
						23,220	25,170	24,703			
COMMERCIAL BANKS											
Bank Islami Pakistan Limited	14,460,567	200,000	-	2,739,500	11,921,067	133,386	136,897	131,012	9.34	9.55	1.18
Bank Islami Pakistan Limited -LOR	-	-	1,192,106	-	1,192,106	-	-	1,180	0.08	0.09	1.18
Habib Bank Limited	30,700	-	-	30,700	-	-	-	-	-	-	-
National Bank of Pakistan	400,000	-	-	400,000	-	-	-	-	-	-	-
Samba Bank Limited	412,000	-	-	-	412,000	1,957	2,262	2,266	0.16	0.17	0.04
Summit Bank Limited	12,132,000	-	-	12,132,000	-	-	-	-	-	-	-
						135,343	139,159	134,458			

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2019	Acquired during the period	Bonus / Right shares received during the period	Disposed during the period	Holding at end of the 30 September 2019	Cost as as on Sep 30, 2019	Carrying value as on Sep 30, 2019	Market value as on Sep 30, 2019	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) -----			
ENGINEERING											
Aisha Steel Mills Limited	1,750,000	-	-	1,750,000	-	-	-	-	-	-	-
Amreli Steels Limited	466,500	500,000	-	166,000	800,500	16,896	17,198	17,459	1.24	1.27	0.27
Dost Steel Ltd	46,500	-	-	-	46,500	583	160	148	0.01	0.01	0.01
International Industries Limited	113,400	10,000	11,340	-	134,740	13,288	9,467	9,341	0.67	0.68	0.11
Pakistan Engineering Company Limited	6,900	-	-	-	6,900	2,401	774	1,116	0.08	0.08	0.12
						33,168	27,599	28,064			
FOOD & PERSONAL CARE-PRODUCTS											
Al Shaheer Corporation Limited	2,791,000	500,000	-	-	3,291,000	74,301	41,462	35,839	2.55	2.61	2.32
Fauji foods Limited	1,297,500	700,500	-	100,000	1,898,000	32,520	23,688	19,834	1.41	1.45	0.36
Frieslandcampina	295,000	-	-	-	295,000	23,695	17,207	17,246	1.23	1.26	0.04
National Foods Limited	346,300	-	-	-	346,300	67,430	63,775	65,056	4.64	4.74	0.28
Quice Food Industries Limited	5,378,000	-	-	-	5,378,000	40,259	14,574	13,983	1.00	1.02	5.46
Treet Corporation Limited	113,395	-	-	53,000	60,395	4,109	922	816	0.06	0.06	0.04
						242,314	161,628	152,774			
GLASS & CERAMICS											
Balochistan Glass Limited	1,300,000	-	-	-	1,300,000	9,076	5,213	4,342	0.31	0.32	0.50
Ghani Glass Limited	61,750	-	-	7,500	54,250	3,487	2,384	2,212	0.16	0.16	0.01
						12,563	7,597	6,554			
INSURANCE											
Askari General Insurance Company Limited	779,533	-	-	-	779,533	21,430	15,980	15,591	1.11	1.14	1.25
EFU General Insurance Limited	455,600	-	-	-	455,600	72,951	45,724	41,132	2.93	3.00	0.23
Pakistan Reinsurance Company Ltd.	239,000	-	-	-	239,000	10,862	5,965	4,388	0.31	0.32	0.08
TPL Insurance Limited	80,397	-	-	-	80,397	686	1,684	1,809	0.13	0.13	0.09
						105,929	69,353	62,920			
INVESTMENT BANK/INV.COS/SEC COS.											
Jahangir Siddiqui Co.Ltd.	5,500,000	-	-	-	5,500,000	133,553	59,510	44,880	3.20	3.27	0.60
Js Investments Ltd	3,168,000	19,000	-	-	3,187,000	56,119	49,221	50,992	3.63	3.72	3.98
Pakistan Stock Exchange Limited	1,206,121	250,000	-	-	1,456,121	27,466	18,750	12,275	0.87	0.89	0.18
						217,138	127,481	108,147			
MISCELLANEOUS											
TPI Properties Limited	2,992,500	-	-	-	2,992,500	31,250	24,808	26,035	1.86	1.90	0.91
Tri-Pack Films Limited	50,000	-	-	-	50,000	13,491	3,318	2,490	0.18	0.18	0.13
						44,741	28,126	28,525			

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2019	Acquired during the period	Bonus / Right shares received during the period	Disposed during the period	Holding at end of the 30 September 2019	Cost as as on Sep 30, 2019	Carrying value as on Sep 30, 2019	Market value as on Sep 30, 2019	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) -----		
PAPER AND BOARD											
Pakistan Paper Products Limited	114,000	-	-	-	114,000	7,588	12,882	11,838	0.84	0.86	1.43
						7,588	12,882	11,838			
PHARMACEUTICALS											
GloxoSmithKline Pakistan Limited	230,200	-	-	30,200	200,000	53,400	19,066	19,236	1.37	1.40	0.06
The Searle Company Limited	91,346	-	-	16,300	75,046	37,067	10,999	10,373	0.74	0.76	0.04
						90,467	30,065	29,609			
POWER GENERATION & DISTRIBUTION											
Japan Power Generation Limited Note 6.5)	4,261,500	-	-	-	4,261,500	21,980	-	-	-	-	2.73
K-Electric Limited (Face value of 3.5 each)	29,120,000	1,768,000	-	5,550,000	25,338,000	177,410	109,792	89,950	6.41	6.55	0.09
Nishat Chunian Power Limited	200,000	-	-	-	200,000	5,900	3,482	3,470	0.25	0.25	0.05
						205,290	113,274	93,420			
SUGAR & ALLIED INDUSTRIES											
Imperial Sugar Limited	141,500	-	-	-	141,500	4,511	1,694	2,512	0.18	0.18	0.14
						4,511	1,694	2,512			
SYNTHETICS AND RAYON											
Pakistan Synthetics Limited	508,000	-	-	-	508,000	16,334	11,989	12,649	0.90	0.92	0.91
						16,334	11,989	12,649			
TECHNOLOGY & COMMUNICATION											
Hum Network Limited (Face value of 1/- each)	16,060,000	25,000	-	-	16,085,000	76,751	50,978	44,234	3.15	3.22	1.70
Pakistan Telecommunication Company Limited	2,000,000	-	-	1,250,000	750,000	12,765	6,203	5,175	0.37	0.38	0.02
TPI Corp Limited	385,500	-	-	-	385,500	5,324	1,881	1,145	0.08	0.08	0.14
TRG Pakistan Limited (Note 6.2 & 6.4)	10,585,745	-	-	-	10,585,745	228,277	173,183	139,203	9.92	10.14	1.94
Worldcall telecom I Limited	1,000,000	-	-	-	1,000,000	1,800	700	1,150	0.08	0.08	0.07
						324,917	232,945	190,907			
TEXTILE COMPOSITE											
Dawood Lawrencepur Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
Nishat Mills Limited	15,000	-	-	-	15,000	833	525	502	0.04	0.04	0.01
						833	525	502			

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2019	Acquired during the period	Bonus / Right shares received during the period	Disposed during the period	Holding at end of the 30 September 2019	Cost as as on Sep 30, 2019	Carrying value as on Sep 30, 2019	Market value as on Sep 30, 2019	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) -----			
TEXTILE SPINNING											
Colony Textile Mills Limited	400,000	-	-	-	400,000	2,375	1,124	1,120	0.08	0.08	0.08
Crescent Fibres Limited	37,000	-	-	-	37,000	1,038	1,404	1,397	0.10	0.10	0.30
Ellicot Spinning Mills Ltd.	666,638	-	-	-	666,638	52,930	52,661	48,665	3.47	3.55	6.09
Fazal Cloth Mills Limited	600	-	-	-	600	56	84	95	0.01	0.01	-
Island Textile Mills Ltd.	34,950	-	-	-	34,950	8,964	74,793	71,053	5.06	5.18	6.99
Premium Textile Mills Limited	10,000	-	-	-	10,000	2,500	2,111	2,418	0.17	0.18	0.16
Saif Textile Mills Limited	141,000	-	-	-	141,000	2,529	1,348	1,583	0.11	0.12	0.53
						70,392	133,525	126,331			
TEXTILE WEAVING											
Samin Textiles Limited	53,500	-	-	-	53,500	440	161	128	0.01	0.01	0.20
						440	161	128			
VANASPATI & ALLIED INDUSTRIES											
Punjab Oil Mills Limited	201,400	-	-	-	201,400	51,391	40,220	38,254	2.73	2.79	3.74
S.S. Oil Mills Limited	156,500	-	-	-	156,500	6,066	3,992	3,656	0.26	0.27	2.77
						57,457	44,212	41,910			
Total as at September 30, 2019						2,048,524	1,609,516	1,402,995			
Total as at June 30, 2019						2,292,626	2,257,345	1,760,656			

- 6.2** This includes 2,500,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.
- 6.3** The exposure limit of investment in a single company as a percentage of net assets exceeded by 4.71% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations.
- 6.4** The exposure limit of investment in a single company as a percentage of net assets exceeded by 0.14% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations.
- 6.5** 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 2019

	(Un-audited) September 30 2019	(Audited) June 30 2019
7 DIVIDEND, PROFIT AND OTHER RECEIVABLE	Note	(Rupees in '000)
<i>Unsecured - considered good</i>		
- Mark-up on bank balances	79	134
- Dividend receivable	808	3,099
Advance Tax- Dividend	141	141
- Bank Profit	34	34
	1,062	3,408
8 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	-
	2,621	2,600
9 REMUNERATION TO THE MANAGEMENT COMPANY		
During the period the Management Company has charged 2% (June 30, 2019: 2%) per annum management fee.		
Balance at beginning of the period / year	2,767	4,359
Remuneration for the period / year	7,238	44,387
Paid during the period / year	(7,784)	(45,979)
Balance at end of the period / year	2,221	2,767
10 REMUNERATION TO TRUSTEE		
The Trustee is entitiled to monthly remuneration for services under the provision of Trust Deed.		
Net assets up to 1 billion		
0.20% per annum of the daily average net assets of the Fund		
Net assets exceeding 1 billion		
Rs. 2 million plus 0.1% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.		
Balance at beginning of the period / year	218	298
Remuneration for the period / year	613	3,219
Paid during the period / year	(641)	(3,299)
Balance at end of the period / year	190	218
11 ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (June 30, 2019: 0.095%) of the average annual net assets of the scheme. The fee is payable annually in arrears.

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	(Un-audited) September 30 2019	(Audited) June 30 2019
Note	(Rupees in '000)	
Balance at beginning of the period / year	2,108	2,621
Remuneration for the period / year	76	2,108
Paid during the period / year	(2,108)	(2,621)
Balance at end of the period / year	<u>76</u>	<u>2,108</u>
12 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditor's remuneration	332	266
Brokerage payable	623	500
Sales tax payable on management company remuneration, trustee fees and CDS Charges	12.1 314	389
Federal Excise Duty payable on management company remuneration	12.2 10,092	10,092
Reimbursable expense payable to management company	12.3 362	139
Payable to management company against expenses	1	1
Provision against Sindh Workers' Welfare Fund	12.4 25,951	25,951
Withholding tax payable	76	76
Others	730	826
	<u>38,481</u>	<u>38,240</u>

12.1 During the period, Sindh Sales Tax management remuneration, trustee fee and CDS charges has been charged at 13% (2019:13%)

12.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 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.

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.

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 10.092 million (2019: Rs 10.092 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher by Re 0.4191 per unit (June 30, 2019: Re 0.3854 per unit).

12.3 SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019, has removed the maximum cap of 0.1% with respect to fees and expenses related to registrar services, accounting, operation and valuation services related to Fund. However, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund from July 01, 2019 to September 30, 2019.

12.4 PROVISION FOR WORKERS' WELFARE FUND

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 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, 2019 would have been higher by Re. 1.08 per unit (June 30, 2019: Re 0.99 per unit).

13 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2019 is 0.73% (2018: 0.71%) which includes 0.08% (2018: 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 4.5% prescribed under the NBFC Regulations.

14 CONTINGENCIES AND COMMITMENTS

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

		(Un-audited) Period ended September 30,	
		2019	2018
		Rupees in '000	
15	OTHER EXPENSES		
	Printing and stationery	38	50
	National Clearing Company of Pakistan Limited charges	103	117
	Credit Rating fee	42	38
	Fees and subscription	12	-
	Central Depository Company of Pakistan Limited charges	12	24
	Pakistan Stock Exchange listing fee	7	7
	Sales tax on Management Company's remuneration / CDC / CDS	1,022	1,747
	Legal and Professional Charges	108	91
		1,344	2,074

16 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 period, 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 condensed interim financial statements. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

17 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 2019. 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.

	(un-Audited) September 30 2019	(Audited) June 30 2019
	(Rupees in '000)	
17.1 Details of balances with connected persons / related parties as at period / year end		
AKD Investment Management Limited - Management Company of the Fund		
Remuneration payable	2,221	2,767
Allocated expenses by the Management Company	362	139
Expenses payable to Management Company	1	1
Sales load payable	-	32
Sales tax payable on Management Company's remuneration*	289	360
Federal Excise Duty payable on Management Company's remuneration*	10,092	10,092
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	190	218
Sales tax payable on Trustee remuneration and CDS Charges	25	29
Security deposit	100	100
CDS charges payable	3	5

* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.

AKD Opportunity Fund - Quarterly Report September 2019

	(un-Audited) September 30 2019	(Audited) June 30 2019
	(Rupees in '000)	
Arabian Sea Enterprises Limited (having invested more than 10% in the units of the Fund) Units outstanding : 3,573,194 (June 30, 2019: 3,573,194)	203,656	235,868
KAPCO Employees Pension Fund Trust# (having invested more than 10% in the units of the Fund) Units outstanding : 2,478,380 (June 30, 2019: Nil) # Current period connected party, previous figures not shown	141,256	-
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund Units outstanding : 72,003 (June 30, 2019: 72,003)	4,104	4,753
AKD Investment Management Limited Staff Provident Fund Units outstanding : 67,005 (June 30, 2019: 67,005)	3,819	4,423
Mr. Ameer Arif Dagha Spouse of the Director of the Management Company Units outstanding : 137,627 (June 30, 2019: 137,627)	7,844	9,085
Spouse - Chief Executive Officer of the Management Company Units outstanding : 837,312 (June 30, 2019: 837312)	47,723	55,271
Ms. Afsheen Aqeel Dhedhi Close relative of Mr. Aqeel Karim Dhedhi Units outstanding : 61 (June 30, 2019: 61)	3	4
Ms. Ayesha Aqeel Dhedhi Close relative of Mr. Aqeel Karim Dhedhi Units outstanding : 121 (June 30, 2019: 121)	7	8
Mr. Imran Motiwala The Chief Executive Officer of the Management Company Units outstanding : 73,485 (June 30, 2019: 73,503)	4,188	4,852
Mr. Muhammad Yaqoob The Chief Operating Officer and Company Secretary Units outstanding : 7,568 (June 30, 2019: 12,298)	431	812
Mr. Hasan Ahmed Director of the Management Company Units outstanding : 21,385 (June 30, 2019: 21,385)	1,219	1,412
Mr. Toqir Hussain Head of Information Technology Units outstanding : 65 (June 30, 2019: 65)	4	4

AKD Opportunity Fund - Quarterly Report September 2019

	(un-Audited) September 30 2019	(Audited) June 30 2019
	(Rupees in '000)	
Mr. Ubaid ur Rehman Head of Retail Sales Units outstanding : 641 (June 30, 2019: 641)	37	42
Mr. Murtaza Wahab Siddiqui Spouse of the Director of the Management Company Units outstanding : 36,068 (June 30, 2019: 36,068)	2,056	2,381
Mr. Ali Wahab Siddiqui Director of the Management Company Units outstanding : 1,829 (June 30, 2019: 1,829)	104	121
Mr. Muhammad Siddiq Khokhar Director of the Golden Arrow Selected Stocks Fund Limited Units outstanding : 60 (June 30, 2019: 60)	3	4
Mr. Javaid Bashir Sheikh Director of the Golden Arrow Selected Stocks Fund Limited Units outstanding : 2,819 (June 30, 2019: 2,819)	161	186
AKD Securities Limited - Brokerage House Brokerage payable on purchase and sale of marketable securities	-	97
17.2 Details of transactions with connected persons / related parties during the period	(Unaudited) September 30, 2019	(Unaudited) September 30, 2018
	(Rupees in '000)	
AKD Investment Management Limited		
- Management Company of the Fund		
Remuneration for the period	7,238	12,532
Sindh Sales tax on Management Company's remuneration*	941	1,629
Allocated expense by the Management Company	362	626
Sales load	-	74
Units redeemed : Nil (2018: 9,932)	-	829
* 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	613	879
CDS charges for the period	12	24
Sales tax on Trustee remuneration and CDS Charges	81	117

	(Unaudited) September 30, 2019	(Unaudited) September 30, 2018
	(Rupees in '000)	
AKD Investment Management Limited Staff		
Provident Fund		
Units issued : Nil (2018: 4,533)	-	350
Mr. Imran Motiwala		
The Chief Executive Officer of the Management Company		
Units Issued : 19,851 (2018: 28,874)	1,156	2,249
Units redeemed : 19,869 (2018: Nil)	1,156	-
Mr. Muhammad Yaqoob		
The Chief Operating Officer and Company Secretary		
Units Issued : Nil (2018: Nil)	-	-
Units redeemed : 4,730 (2018: 3,896)	266	300
AKD Securities Limited - Brokerage House		
Comission on purchase and sale of marketable securities	20	36

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value, based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets including the levels in the fair value hierarchy.

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	September 30, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
ASSETS				
Investments in listed equity securities - at fair value through profit and loss	1,402,995	-	-	1,402,995

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
ASSETS				
Investments in listed equity securities - at fair value through profit and loss	1,760,656	-	-	1,760,656

During the period ended September 30, 2019, 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.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 26, 2019 by the Board of Directors of the Management Company.

20. GENERAL

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

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

**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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