Funds Managed by:

AKD Investment Management Ltd.

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



quarterly report

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

AKD CASH FUND

AKD AGGRESSIVE INCOME FUND

AKD ISLAMIC INCOME FUND

AKD ISLAMIC STOCK FUND

Partner with AKD
Profit from the Experience

AKD Investment Management Ltd.

TABLE OF CONTENTS

CORPORATE INFORMATION

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

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' un-audited 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 Monitory 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 it 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 Islamic Income Fund
Financial Statements - First Quarter FY20

Contents

AKD Islamic Income Fund

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

TRUSTEE
MCB Financial Services Limited
4th Floor, Perdesi House,
2/1 R-Y Old Queens Road,
Karachi-74200

BANKERS
BankIslami Paskistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited (Islamic Banking)

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

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
Metro Capital (Private) Ltd.

RATING
AKD Islamic Income Fund
PACRA: A+(f)(A+plus(f))

FUND MANAGER'S REPORT

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

Open - end Islamic Income scheme.

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

AKD Islamic income fund (AKDISIF) is a fund that primarily focuses on Shariah compliant income securities and instruments. The objective of AKDISIF is to provide investors with an investment Vehicle that strives to enhance capital coupled with regular halal income by investing in Shariah compliant income investments.

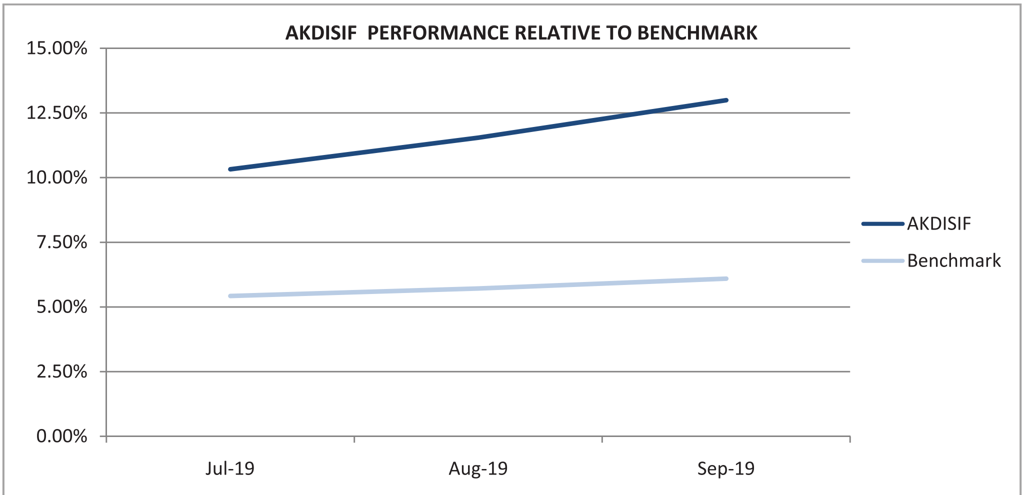
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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

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

Six (6) months average deposit rates of three (3) A Rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP

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



Monthly yield (annualized)	Jul-19	Aug-19	Sep-19
AKDISIF	10.32%	11.54%	12.99%
Benchmark	5.42%	5.71%	6.09%

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

AKD Islamic income fund is an open - end Islamic income scheme. The returns of the funds are generated through investment in high quality Shariah complaint securities and Islamic Bank deposit. AKDISIF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

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
Cash and Cash Equivalents	80.38%	77.91%
Sukuk	17.94%	20.37%
Other Assets Including Receivables	1.68%	1.72%

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

1QFY20(annualized)	11.71%
Benchmark (annualized)	5.74%

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

Net Assets Value			NAV Per Unit	
30-Sep-19	30-Jun-19	Change in Net Assets	30-Sep-19	30-Jun-19
(Rupees in 000)			(Rupees)	
250,004	225,588	10.82%	51.63	50.15

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

MACRO PERSPECTIVE

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.

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 Monitory 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 it 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 was no significant change in the state of affairs during the period under review.

xii) Break down of unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	306
10,000 - 49,999	25
50,000 - 99,999	3
100,000 - 499,999	7
500,000 and above	3
	344

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2019

	Note	(Un-Audited) September 30, 2019 Rupees in '000	(Audited) June 30, 2019 Rupees in '000
Assets			
Bank balances	5	**202,480**	178,015
Investments	6	**45,186**	46,554
Profit receivable on bank deposits and sukuk certificates	7	**3,036**	2,623
Deposits, prepayments and other receivables	8	**239**	259
Preliminary expenses and floatation cost	9	**972**	1,044
Total Assets		**251,913**	228,495
Liabilities			
Payable to AKD Investment Management Limited - Management Company	10	**1,085**	1,350
Payable to MCB Financial Services Limited - Trustee	11	**27**	25
Payable to Securities and Exchange Commission of Pakistan	12	**12**	124
Accrued expenses and other liabilities	13	**785**	1,408
Total Liabilities		**1,909**	2,907
Net Assets		**250,004**	225,588
Unit Holders' Fund (as per statement attached)		**250,004**	225,588
Contingencies and Commitments	14		
		Number of units	
Number of units in issue		**4,841,783**	4,497,935
		Rupees	
Net assets value per unit		**51.6347**	50.1537

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Muhammad Munir Abdullah**	**Anum Dhedhi**
Chief Executive Officer	Chief Financial Officer	Director

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

	Note	2019	2018
		(Rupees in '000)	
Income			
Net unrealised appreciation / (dminution) on remeasurement of investments classified as 'financial assets at fair value through profit and loss'		(117)	20
Income from sukuk certificates		1,620	740
Profit on bank deposits		5,988	1943
Total Income		7,491	2,703
Expenses			
Remuneration of the Management Company	10.1	-	-
Sales tax on the remuneration of the Management Company	10.2	-	-
Remuneration of the Trustee	11.1	71	45
Sales tax on the Trustee remuneration	11.2	11	6
Annual fee to the Securities and Exchange Commission of Pakistan	12	12	28
Expenses allocated by the Management Company	10.3	59	38
Auditors' remuneration		44	45
Settlement and bank charges		19	14
Amortisation of preliminary expenses and floatation costs		72	73
Fee and subscription		48	49
Printing and related cost		38	40
Legal and professional charges		79	21
Provision against Sindh Workers' Welfare Fund		141	47
Total expenses		594	406
Net income for the period before taxation		6,897	2,297
Taxation	16	-	-
Net income for the period after taxation		6,897	2,297
Allocation of net income for the period			
Net income for the period after taxation		6,897	2297
Income already paid on units redeemed		(628)	(801)
		6,269	1,496
Accounting income available for distribution			
Relating to capital gain		-	20
Excluding capital gains		6,269	1,476
		6,269	1,496

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Muhammad Munir Abdullah**	**Anum Dhedhi**
Chief Executive Officer	Chief Financial Officer	Director

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

	2019	2018
	(Rupees in '000)	
Net income for the period after taxation	**6,897**	2,297
Other income comprehensive income for the period	-	-
Total comprehensive income for the period	**6,897**	2,297

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Muhammad Munir Abdullah**	**Anum Dhedhi**
Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income for the period before taxati		**6,897**	2,297
Adjustments			
Amortisation of preliminary expenses and floatation costs		**72**	73
Net unrealised (appreciation) / dminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'		**117**	(20)
		7,086	2,350
(Increase) / decrease in assets			
Investments		**1,251**	-
Profit receivable on bank deposits and sukuk certificates		**(413)**	76
Deposits, prepayments and other receivables		**20**	51,720
		858	51,796
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**(265)**	(259)
Payable to MCB Financial Services Limited - Trustee		**2**	(7)
Payable against Redemption of units		**-**	561
Payable to Securities and Exchange Commission of Pakistan		**(112)**	(15)
Accrued expenses and other liabilities		**(623)**	52
		(998)	332
Net cash generated from operating activities		**6,946**	54,478
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		**106,062**	99,951
Payment against redemption of units		**(88,543)**	(196,190)
Dividend paid		**-**	(1,869)
Net cash generated from / (used in) financing activities		**17,519**	(98,108)
Net increase / (decrease) in cash and cash equivalents		**24,465**	(43,630)
Cash and cash equivalents at beginning of the period		**178,015**	144,188
Cash and cash equivalents at end of the period	5	**202,480**	100,558

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	Muhammad Munir Abdullah	Anum Dhedhi
Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	2019			2018		
	Capital value	Undistributed income	Net assets	Capital value	Undistributed income	Net assets
	------------- (Rupees in '000) -------------			------------- (Rupees in '000) -------------		
Net assets at beginning of the period	**224,936**	**652**	**225,588**	228,503	1,869	230,372
Issuance of 2,095,411 units (2018: 2,011,305 units)						
- Capital value (at Ex-Nav at the beginning of the period)	**105,093**	**-**	**105,093**	100,577	-	100,577
- Element of income	**969**	**-**	**969**	1,048	-	1,048
Total proceeds on issuance of units	**106,062**	**-**	**106,062**	101,625	-	101,625
Redemption of 1,751,562 units (2018: 3,898,003 units)						
- Capital value (at Ex-Nav at the beginning of the period)	**87,847**	**-**	**87,847**	194,923	-	194,923
- Element of income	**68**	**628**	**696**	466	801	1,267
Total payments on redemption of units	**87,915**	**628**	**88,543**	195,389	801	196,190
Total comprehensive income for the period	**-**	**6,897**	**6,897**	-	2,297	2,297
Distribution during the period	**-**	**-**	**-**	-	(1,869)	(1,869)
Refund of Capital	**-**	**-**	**-**	(1,674)	-	(1,674)
Net (loss) / income for the period less distribution	**-**	**6,897**	**6,897**	(1,674)	428	(1,246)
Net assets at end of the period	**243,083**	**6,921**	**250,004**	133,065	1,496	134,561
Undistributed income brought forward						
- Realised		**864**			2,033	
- Unrealised		**(212)**			(164)	
		652			1,869	
Accounting income available for distribution						
- Relating to capital gains		**-**			20	
- Excluding capital gains		**6,269**			1,476	
		6,269			1,496	
Distribution during the period		**-**			(1,869)	
Undistributed gain carried forward		**6,921**			1,496	
Undistributed gain carried forward						
- Realised income		**7,038**			1,476	
- Unrealised income / (loss)		**(117)**			20	
		6,921			1,496	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			**50.1537**			50.7868
Net assets value per unit at end of the period			**51.6347**			50.7899

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	Muhammad Munir Abdullah	Anum Dhedhi
Chief Executive Officer	Chief Financial Officer	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 Islamic Income Fund (the Fund) was established under a Trust Deed, dated August 30, 2017, executed between AKD Investment Management Limited (AKDIML) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on May 30, 2017. The initial Public Offering (IPO) of the Fund was made during the period from February 19, 2018 to February 20, 2018 and the Fund commenced operations from February 21, 2018.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

The Fund is an open-ended collective investment scheme and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund is categorised as an open end Shariah Complaint (Islamic) Income Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Pvt.) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

The Management Company has been assigned a quality rating of "AM3++" by Pakistan Credit Rating Agency Limited (PACRA) on August 09, 2019. The Fund has been given stability rating of 'A+(f)' by PACRA on April 30, 2019.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

2. BASIS OF PREPARATION

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

- Non-Banking Finance Companies (Establishment and Regulations) rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed

Where provisions of and directives issued under the Companies Act, 2017 , part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulation and 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 Company'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.

	Note	(Un-audited) September 30, 2019	Audited June 30, 2019
		Rupees in '000	
5. BANK BALANCES			
		202,480	178,015
In saving accounts	5.1	**202,480**	178,015

5.1 This represent bank accounts held with different banks. Mark-up rates on these accounts range between 11.25% to 13% (June 30, 2019: 6.50% to 12.25%) per annum.

6. INVESTMENTS

Financial assets at Fair value through profit or loss

	Note	(Un-audited) September 30, 2019	Audited June 30, 2019
- Sukuk certificates - Listed	6.1	**30,186**	31,554
- Sukuk certificates - Unlisted	6.1	**15,000**	15,000
		45,186	46,554

6.1 Investments 'at fair value through profit or loss' -
Listed sukuk certificates

Name of security	Rate of return (per anum)	Number of Units				Carrying value as at September 30, 2019	Market value as at September 30, 2019	Unrealised diminution as at September 30, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
		Opening	Purchased during the period	Sold / Matured during the period	As at September 30, 2019					
						------------------ Rupees in '000 ------------------				
Sukuk certificates - Listed										
Dawood Hercules Corporation Limited	14.91%	200	-	-	200	17,940	17,889	(51)	7.16%	39.59%
BYCO Petroleum Pakistan Limited	14.71%	150	-	-	150	12,363	12,297	(66)	4.92%	27.21%
Total listed debt securities as at September 30, 2019						**30,303**	**30,186**	**(117)**		
Sukuk certificates - Unlisted										
The Hub Power Company Limited	14.92%	3,000	-	-	3,000	15,000	15,000	-	6.00%	33.20%
Total unlisted debt securities as at September 30, 2019						**15,000**	**15,000**	**-**		
Total debt securities as at September 30, 2019						**45,303**	**45,186**	**(117)**		
Total listed debt securities as at June 30, 2019						46,766	46,554	(212)		

6.1.1 Significant terms and conditions of listed sukuk certificates are as follows:

Name of investee company	Number of certificates held	Face value per certificate (Rupees)	Markup rate (per anum)	Maturity	Secured / Unsecured	Rating
Sukuk Certificates - Listed						
Dawood Hercules Corporation Limited (16-11-2017) (5 years)	200	90,000	1.00% + 3 months KIBOR	November 16, 2022	Secured	AA
BYCO Petroleum Pakistan Limited (18-01-2017) (5 years)	150	83,333	1.05% + 3 months KIBOR	Janaury 18, 2022	Secured	AAA
Sukuk Certificates - Unlisted						
The Hub Power Company Limited (27-02-2019) (9 Months)	3,000	5,000	1.00% + 3 months KIBOR	November 27, 2019	Unsecured	AA+

			(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
			Rupees in '000	
7	**PROFIT RECEIVABLE ON BANK AND SUKUK CERTIFICATES**			
	Profit on bank balance		2,105	1,797
	Income Receivable on Sukuk		931	826
			3,036	2,623
8	**DEPOSITS AND PREPAYMENTS AND OTHER RECEIVABLES**			
	Security deposits with			
	- Central Depository Company of Pakistan Limited		100	100
	Prepaid PSX Listing Fee		21	-
	Prepaid Shairah Advisor fee		64	105
	Advance Tax		54	54
			239	259
9	**PRELIMINARY EXPENSES AND FLOATATION COST**			
	Preliminary expenses and floatation cost		1,044	1,331
	Less: Amortised during the period / year	9.1	(72)	(287)
			972	1,044

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

10	**PAYABLE TO MANAGEMENT COMPANY**			
	Remuneration	10.1	-	-
	Sales tax on management fees	10.2	-	-
	Expenses allocated by the management company	10.3	41	19
	Formation cost		1,044	1,331
			1,085	1,350

10.1 During the period the Management Company has charged 0% management fees in order to benefit the unit holders.

10.2 Sindh sales rax at the rate of 13% (June 30, 2019: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

10.3 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.

11	**PAYABLE TO THE TRUSTEE**			
	Trustee fee	11.1	24	22
	Sindh Sales Tax	11.2	3	3
			27	25

11.1 The Trustee is entitled to a monthly remuneration to be paid monthly in arrears for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

The tariff structure applicable to the fund is as follows:

Amount of Funds Under Management [Average Net Assets Value (NAV)]	Tariff per annum
Upto Rs 1,000 million	0.12% of Net Assets
Exceeding Rs 1,000 million and up to Rs.5,000 million	Rs. 1.2 million plus 0.065% per anum of the amount exceeding Rs. 1,000
Exceeding Rs. 5,000 million and up to Rs. 10,000 million	Rs. 3.8 million plus 0.06% per anum of the amount exceeding Rs. 5,000

11.2 Sindh Sales Tax is charged at 13% (June 30, 2019: 13%) on Trustee fee.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Annual fee payable to SECP	12.1	**12**	**124**

12.1 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: 0.075%) percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

13 ACCRUED AND OTHER LIABLITIES

Auditors remuneration		**163**	**118**
Printing charges payable		**80**	**100**
Provision for Sindh Workers Welfare Fund	13.1	**473**	**333**
Others		**69**	**857**
		785	**1,408**

13.1 Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP is making efforts to exclude mutual funds from SWWF. The aggregate balance of SWWF provision in the book of accounts of the Fund as on September 30, 2019 is Rs. 0.473 million (June 30, 2019: 0.333 million). Had this provision not been made, the NAV of the Fund would have been higher by Re.0.10 per unit (June 30, 2019: Re. 0.07 per unit).

The SECP has also concurred with the Directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

14 CONTINGENCIES AND COMMITMENTS

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

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2019 is 1% (2018: 1.07%) (annualised) which includes 0.28% (2018: 0.23%)(annualised) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% (annualised) prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

16 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. 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. The Management Company intends to distribute cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these condensed interim financial statements.

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited, being the Management MCB Financail Services Limited, being the Trustee, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, directors, officers and other connected persons of the Management Company and their connected persons.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

17.1 Transactions during the period	(Un-Audited) Period ended September 30, 2019	2018
	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Remuneration to the Management Company	-	-
Sales Tax Provincial on Management Remuneration	-	-
Expenses allocated by the Management Company	**59**	38
Redemption of 56 units (2018: Nil)	**3**	-
MCB Financial Services Limited - Trustee		
Remuneration to the Trustee	**71**	45
Sales tax on trustee remuneration payable	**11**	6
Company Secretary and Chief Operating Officer of the Management Company		
Issue of Nil units (2018: 15 units)	**-**	1
Issue of Nil capital refund units (2018: 229 units)	**-**	11
Dividend paid	**-**	1
Chief Executive Officer of the Management Company		
Issue of Nil units (2018: 16,293)	**-**	820
Redemption of Nil units (2018: 16,293)	**-**	825
Chief Financial Officer of the Management Company		
Issue of Nil capital refund units (2018: 44 units)	**-**	2
Dividend paid	**-**	3
Spouse of the Chief Executive Officer of the Management Company		
Issue of 12,183 units (2018: 78,017)	**613**	3,930
Redemption of 200,541 units (2018: 78,017)	**10,250**	3,941
Hina Aqeel - Close relative of the Sponsor of the Management Company		
Issue of Nil units (2018: 38,089)	**-**	1,917
Afsheen Aqeel Dhedhi- Close relative of the Sponsor of the Management Company		
Issue of Nil units (2018: 19,045)	**-**	959
Fund Manager of AKDITF and AKDISSF		
Issue of Nil units (2018: 7)	**-**	-
Issue of Nil capital refund units (2018: 9)	**-**	1
Attock Cement Pakistan Ltd. Employees Provident Fund* Connected party due to more than 10% holding		
Issue of Nil units (2018: 5,969)	**-**	298
Dividend paid	**-**	298
Trust for Vaccines & Immunization* - Connected party due to more than 10% holding		
Issue of Nil units (2018: 357,049)	**-**	18,085
Redemption of Nil units (2018: 35,705)	**-**	1,812
TPL Insurance Limited* - Connected party due to holding of more than 10% units		
Issue of Nil units (2018: 6,656)	**-**	333
Dividend paid	**-**	392
Shahid Hanif Hafiz - Connected person due to holding of more than 10% units***		
Issue of 1,212,952 units (2018: Nil)	**61,329**	-

	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
	Rupees in '000	
17.2 Balances outstanding at the period / year end		
AKD Investment Management Limited - Management Company		
Remuneration payable	**-**	-
Sales Tax Provincial on Management Remuneration	**-**	-
Payable against expenses allocated by the Management Company	**41**	19
Payable against formation cost	**1,044**	1,331
Outstanding Nil units (June 2019: 56 units)	**-**	3
MCB Financial Services Limited - Trustee		
Remuneration payable	**24**	22
Sindh Sales Tax on trustee remuneration payable	**3**	3
Chief Executive Officer of the Management Company		
Outstanding 22 units (June 2019: 22 units)	**1**	1
Spouse of the Chief Executive Officer of the Management Company		
Outstanding 28,094 units (June 2019: 216,453 units)	**1,451**	10,856
Chief Financial Officer of the Management Company		
Outstanding 6,809 units (June 2019: 6,809 units)	**352**	342
Company Secretary and Chief Operating Officer of the Management Company		
Outstanding 17,156 units (June 2019: 17,156 units)	**886**	860
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 28,072 units (June 2019: 28,072 units)	**1,450**	1,408
Afsheen Aqeel Dhedhi - Close relative of the Sponsor of the Management Company		
Outstanding 25 units (June 2019: 25 units)	**1**	1
TPL Insurance Limited* - Connected person due to holding of more than 10% units		
Outstanding Nil units (June 2019: 543,070 units)	**-**	27,237
Askari General Insurance Co. Ltd. - Connected person due to holding of more than 10% units		
Outstanding 519,087 units (June 2019: 519,087 units)	**26,803**	26,034
Silk Bank Employee Provident Fund - Connected person due to holding of more than 10% units		
Outstanding 900,731 units (June 2019: 900,731 units)	**46,509**	45,175
Shahid Hanif Hafiz - Connected person due to holding of more than 10% units**		
Outstanding 1,212,952 units (June 2019: Nil units)	**62,630**	-

* Prior period connected party, current figures not shown

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

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 and financial liabilities including the levels in the fair value hirearchy.

	As at September 30, 2019						
	Carrying Amount			**Fair Value**			
	At fair value through profit or loss	**At amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			**(Rupees in '000)**			
ASSETS							
Financial assets measured at fair value							
Investment	**45,186**	**-**	**45,186**	**-**	**45,186**	**-**	**45,186**

	As at June 30, 2019						
	Carrying Amount			Fair Value			
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			(Rupees in '000)			
ASSETS							
Financial assets measured at fair value							
Investment	46,554	-	46,554	-	46,554	-	46,554

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. CORRESPONDING FIGURES

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.

21. GENERAL

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Muhammad Munir Abdullah**	**Anum Dhedhi**
Chief Executive Officer	Chief Financial Officer	Director

AKD Investment Management Ltd.

Head Office:
216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:
Bungalow No. FL-3/12,
Ground Floor Block No. 5, KDA,
Scheme No. 24, Gulshan-e-Iqbal, Karachi.
Contact # 92-21-34823003-7

Abbottabad Branch:
Office No. 1 & 2, 2nd Floor, Zaman Plaza,
Near Complex Hospital,
Main Mansehra Road, Abbottabad.
Contact # 099-2381431-2

Lahore Branch:
Plaza # 250, 2nd Floor,Phase IV,
Block-FF, D.H.A.,Lahore Cantt.
Contact # 0333-0342762-4

E-mail : info@akdinvestment.com
Website : www.akdinvestment.com

Printed by: KODWAVI