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 Stock Fund
Financial Statements - First Quarter FY20

Contents

AKD Islamic Stock 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 Accountants
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
Investomate (Private) Ltd.
Metro Capital (Private) Ltd.

RATING AKDISSF
By PACRA
1 Year Category: MIR 2-Star

FUND MANAGER'S REPORT

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

Open - end Islamic Equity Scheme

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

AKD Islamic Stock Fund (AKDISSF) is designed to earn competitive returns by investing in the stock market. The objective of AKD Islamic Stock Fund is to invest in the capital Markets through an optimal combination of strategies in Shariah compliant equities providing growth and dividends.

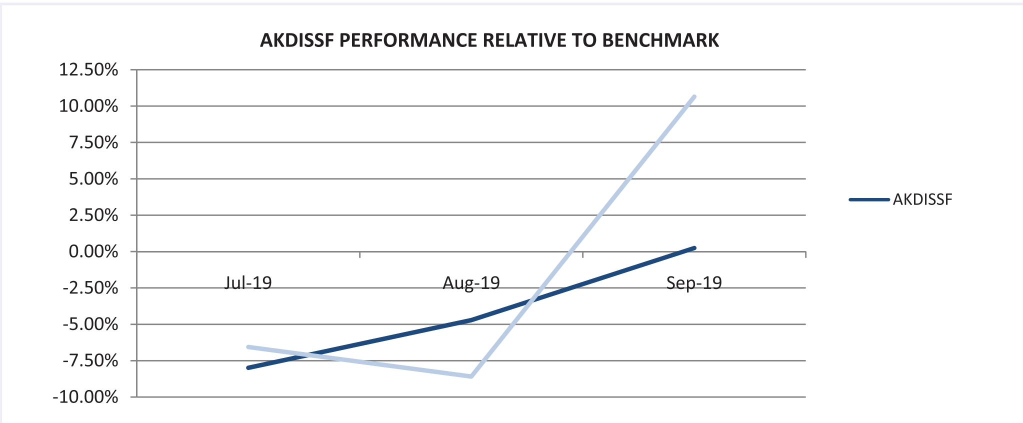
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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%.

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

KMI-30 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
AKDISSF	-7.99%	-4.71%	0.24%
Benchmark	-6.56%	-8.59%	10.65%

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

AKD Islamic Stock Fund is an open - end Islamic equity scheme; the return of the Fund is generated through investment in Islamic stocks which have strong growth potential. AKDISSF 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	95.44%	94.01%
Cash	0.59%	1.90%
Other Assets	3.97%	4.09%

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

1QFY20 Return	-12.12%
Benchmark Return	-5.48%

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.
119,701	135,602	-11.73%	30.58	34.80

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.

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.

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 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	237
10,000 - 49,999	41
50,000 - 99,999	4
100,000 - 499,999	6
500,000 and above	1
	289

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

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
		Rupees in '000	
Assets			
Bank balances	5	**720**	2,712
Investments	6	**116,156**	133,875
Dividend and Profit receivable on bank deposits	7	**1,455**	41
Deposits, prepayments and other receivables	8	**2,680**	2,705
Preliminary expenses and floatation cost	9	**695**	746
Receivable against sale of securities		**-**	2,328
Total Assets		**121,706**	142,407
Liabilities			
Payable to AKD Investment Management Limited - Management Company	10	**989**	1,229
Payable to MCB Financial Services Limited - Trustee	11	**14**	16
Payable to Securities and Exchange Commission of Pakistan	12	**6**	179
Payable against purchase of investment		**100**	4,643
Accrued expenses and other liabilities	13	**896**	738
Total Liabilities		**2,005**	6,805
Net Assets		**119,701**	135,602
Unit Holders' Fund (as per statement attached)		**119,701**	135,602
Contingencies and Commitments	14		
		Number of units	
Number of units in issue		**3,913,846**	3,896,474
		Rupees	
Net assets value per unit		**30.5840**	34.8012

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			
Capital gain / (loss) on sale of investments		**(1,344)**	1,898
Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	6.2	**(15,360)**	(10,131)
Dividend income		**1,447**	2,157
Profit on bank deposits		**46**	415
Total Loss		**(15,211)**	(5,661)
Expenses			
Remuneration of the Management Company		**617**	1,108
Sales tax on the remuneration of the Management Company		**80**	144
Remuneration of the Trustee		**37**	67
Sales tax on the Trustee remuneration		**6**	9
Annual fee to the Securities and Exchange Commission of Pakistan		**6**	53
Expenses allocated by the Management Company		**31**	55
Securities transaction costs		**39**	216
Auditors' remuneration		**44**	45
Settlement and bank charges		**6**	13
Amortisation of preliminary expenses and floatation costs		**51**	52
Fee and subscription		**139**	145
Printing and related cost		**38**	40
Legal and professional charges		**136**	66
Charity		**48**	215
Total expenses		**1,278**	2,228
Net loss for the year before taxation		**(16,489)**	(7,889)
Taxation	16	**-**	-
Net loss for the period after taxation		**(16,489)**	(7,889)
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 gain		-	-
Excluding capital gains		-	-
		-	-

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 loss for the period after taxation	**(16,489)**	(7,889)
Other comprehensive income for the period	**-**	-
Total comprehensive loss for the period	**(16,489)**	(7,889)

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 loss for the period before taxation		**(16,489)**	(7,889)
Adjustments			
Amortisation of preliminary expenses and floatation costs		**51**	52
Capital loss / (gain) on sale of investments		**1,344**	(1,898)
Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'		**15,360**	10,131
		266	396
(Increase) / decrease in assets			
Investments		**1,015**	20,308
Dividend and Profit receivable on bank deposits		**(1,414)**	(1,318)
Deposits, prepayments and other receivables		**25**	(63)
Receivable against sale of securities		**2,328**	-
		1,954	18,927
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**(240)**	(136)
Payable to MCB Financial Services Limited - Trustee		**(2)**	-
Payable to Securities and Exchange Commission of Pakistan		**(173)**	(20)
Payable against Redemption of units		**-**	4
Payable against purchase of investment		**(4,543)**	923
Accrued expenses and other liabilities		**158**	327
		(4,800)	1,098
Net cash generated from / (used in) operating activities		**(2,580)**	20,421
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		**3,894**	15,640
Payment against redemption of units		**(3,306)**	(9,262)
Net cash generated from financing activities		**588**	6,378
Net increase / (decrease) in cash and cash equivalents		**(1,992)**	26,799
Cash and cash equivalents at beginning of the period		**2,712**	3,822
Cash and cash equivalents at end of the period	5	**720**	30,621

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) ----------------------------------					
Net assets at beginning of the period	**202,501**	**(66,899)**	**135,602**	232,689	(16,998)	215,691
Issuance of 121,775 units (2018: 342,019)						
- Capital value (at net asset value per unit at the beginning of the period)	**4,238**	**-**	**4,238**	16,074	-	16,074
- Element of income	**(344)**	**-**	**(344)**	(434)	-	(434)
Total proceeds on issuance of units	**3,894**	**-**	**3,894**	15,640	-	15,640
Redemption of 104,403 units (2018: 197,944)						
- Capital value (at net asset value per unit at the beginning of the period)	**(3,633)**	**-**	**(3,633)**	(9,303)	-	(9,303)
- Element of income	**327**	**-**	**327**	41	-	41
Total payments on redemption of units	**(3,306)**	**-**	**(3,306)**	(9,262)	-	(9,262)
Total comprehensive income / (loss) for the period	**-**	**(16,489)**	**(16,489)**	-	(7,889)	(7,889)
Distribution during the period	**-**	**-**	**-**	-	-	-
Net (loss) / income for the period less distribution	**-**	**(16,489)**	**(16,489)**	-	(7,889)	(7,889)
Net assets at end of the period	**203,089**	**(83,388)**	**119,701**	239,067	(24,887)	214,180
Undistributed loss brought forward						
- Realised		**(12,337)**			(1,315)	
- Unrealised		**(54,562)**			(15,683)	
		(66,899)			(16,998)	
Accounting income available for distribution						
- Relating to capital gains		**-**			-	
- Excluding capital gains		**-**			-	
		-			-	
Net loss for the period after taxation		**(16,489)**			(7,889)	
Distribution during the period		**-**			-	
Undistributed loss carried forward		**(83,388)**			(24,887)	
Undistributed loss carried forward						
- Realised loss		**(68,028)**			(14,756)	
- Unrealised loss		**(15,360)**			(10,131)	
		(83,388)			(24,887)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			**34.8012**			46.9975
Net assets value per unit at end of the period			**30.5840**			45.2479

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 Stock 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 mutual fund 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) Equity 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 Pakistan Credit Rating Company Limited (PACRA) has assigned asset manager rating of 'AM3++' to the Management Company dated August 09, 2019. PACRA has also assigned Fund's performance ranking of "MFR 2-Star" to the Fund in performance period of 1 year (from July 2018 to June 2019) on October 3, 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

	Note	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
		Rupees in '000	
5. BANK BALANCES			
In saving accounts	5.1	**720**	2,712

5.1 This represent bank accounts held with different banks. Mark-up rates on these accounts range between 11.00% to 11.25% (June 30, 2019: 6.50% to 11%) per annum.

	Note	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
6. INVESTMENTS			
At fair value through profit and loss' - Listed equity securities	6.1	**116,156**	133,875

6.1 Listed Equity Securities - financial assets at 'fair value through profit or loss'

Name of the investee company	Face value per share	Number of shares: Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Balance as at September 30, 2019: Carrying cost	Market value	Appreciation/ (diminution)	Percentage in relation to: Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
							---------------- Rupees in '000	-------------		-------------------- %		--------------------
SHARES OF LISTED COMPANIES - fully paid ordinary shares												
Automobile Assembler												
Ghandhara Nissan Limited	10	37,999	-	-	-	37,999	1,992	1,876	(116)	1.62	1.57	0.07
							1,992	**1,876**	**(116)**			
Automobile Parts & Accessories												
The General Tyre and Rubber Company of Pakistan Limited	10	68,000	-	-	68,000	-	-	-	-	-	-	-
Thal Limited	5	25,000	-	-	-	25,000	9,102	5,964	(3,138)	5.13	4.98	0.03
							9,102	**5,964**	**(3,138)**			
Cable & Electrical Goods												
Pakistan Cables Limited	10	67,775	5,000	-	-	72,775	10,054	7,350	(2,704)	6.33	6.14	0.20
							10,054	**7,350**	**(2,704)**			
Cement												
Javedan Corporation Limited**	10	895,400	-	-	12,500	882,900	28,261	23,617	(4,644)	20.33	19.73	0.31
							28,261	**23,617**	**(4,644)**			
Chemical												
Biafo Industries Limited	10	11,160	-	-	-	11,160	1,791	1,758	(33)	1.51	1.47	0.04
							1,791	**1,758**	**(33)**			
Commercial Banks												
BankIslami Pakistan Limited***	10	1,965,500	-	-	312,500	1,653,000	18,993	18,166	(827)	15.64	15.18	0.16
BankIslami Pakistan Limited - LoR	10	-	-	165,300	-	165,300	-	164	164	0.14	0.14	0.16
							18,993	**18,330**	**(663)**			
Engineering												
Aisha Steel Mills Limited	10	250,000	-	-	250,000	-	-	-	-	-	-	-
Amreli Steels Limited	10	101,500	-	-	-	101,500	2,503	2,214	(289)	1.91	1.85	0.03
Crescent Steel and Allied Products Limited	10	20,000	-	-	-	20,000	756	868	112	0.75	0.73	0.03
International Industries Limited	10	40,000	-	4,000	-	44,000	3,083	3,051	(32)	2.63	2.55	0.04
International Steels Limited	10	-	277,000	-	52,000	225,000	7,121	8,942	1,821	7.70	7.47	0.05
							13,463	**15,075**	**1,612**			
Fertilizer												
Engro Corporation Limited	10	110	-	-	-	110	29	29	-	0.02	0.02	-
							29	**29**	**-**			

Name of the investee company	Face value per share	Number of shares: Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Balance as at September 30, 2019: Carrying cost	Market value	Appreciation/ (diminution)	Percentage in relation to: Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
							---------------- Rupees in '000	-------------		--------------------- %		---------------------
Food & Personal Care Products												
Al Shaheer Corporation Limited	10	1,323,000	-	-	-	1,323,000	16,670	14,407	(2,263)	12.40	12.04	0.93
Fauji Foods Limited	10	5,500	-	-	5,500	-	-	-	-	-	-	-
							16,670	**14,407**	**(2,263)**			
Oil & Gas Exploration Companies												
Pakistan Oilfields Limited*	10	30,000	-	-	-	30,000	12,177	11,397	(780)	9.81	9.52	0.01
Pakistan Petroleum Limited	10	20,045	-	-	-	20,045	2,895	2,727	(168)	2.35	2.28	-
							15,072	**14,124**	**(948)**			
Paper & Board												
Pakistan Paper Products Limited	10	666	-	-	-	666	75	69	(6)	0.06	0.06	0.01
							75	**69**	**(6)**			
Power Generation & Distribution												
K-Electric Limited	3.5	750,000	100,000	-	107,000	743,000	3,148	2,638	(510)	2.27	2.20	-
Nishat Power Limited	10	72,500	-	-	-	72,500	1,997	1,691	(306)	1.46	1.41	0.02
							5,145	**4,329**	**(816)**			
Technology and Communication												
Pakistan Telecommunication Company Limited	10	1,100,000	-	-	-	1,100,000	9,097	7,590	(1,507)	6.53	6.34	0.03
							9,097	**7,590**	**(1,507)**			
Textile Composite												
Nishat Mills Limited	10	10,000	-	-	-	10,000	933	840	(93)	0.72	0.70	-
							933	**840**	**(93)**			
Vanaspati & Allied Industries												
Punjab Oil Mills Limited	10	4,200	-	-	-	4,200	839	798	(41)	0.69	0.67	0.08
							839	**798**	**(41)**			
Total listed equity securities as at September 30, 2019							**131,516**	**116,156**	**(15,360)**			
Total listed equity securities as at June 30, 2019							188,437	133,875	(54,562)			

* This includes 30,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

** The exposure limit of investment in a single company as percentage of net assets exceeded by 4.73% against the prescribed limit of 15% of the total net assets as required under section 55(6) of NBFC Regulations.

*** The exposure limit of investment in a single company as percentage of net assets exceeded by 0.18% against the prescribed limit of 15% of the total net assets as required under section 55(6) of NBFC Regulations.

		Note	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
			Rupees in '000	
6.2	**Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'**			
	Market value of investments	6.1	**116,156**	133,875
	Carrying amount of investments	6.1	**(131,516)**	(188,437)
			(15,360)	(54,562)
7	**Dividend and Profit receivable on bank deposits**			
	Profit on bank balance		**7**	1
	Dividend Receivable		**1,448**	40
			1,455	41
8	**DEPOSITS AND PREPAYMENTS**			
	Security deposits with			
	- National Clearing Company of Pakistan Limited		**2,500**	2,500
	- Central Depository Company of Pakistan Limited		**100**	100
	Prepaid PSX Listing Fee		**16**	-
	Prepaid Shairah Advisor fee		**64**	105
			2,680	2,705
9	**PRELIMINARY EXPENSES AND FLOATATION COST**			
	Preliminary expenses and floatation cost		**746**	951
	Less: Amortised during the period	9.1	**(51)**	(205)
			695	746

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.

		Note	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
10	**PAYABLE TO MANAGEMENT COMPANY**			
	Remuneration	10.1	**197**	226
	Sales tax on management fees	10.2	**26**	29
	Expenses allocated by the management company	10.3	**20**	11
	Formation cost		**746**	951
	Others		**-**	12
			989	1,229

10.1 During the period the Management Company has charged 2% (June 30, 2019: 2%) per annum management fee.

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.

		Note	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
			Rupees in '000	
11	**PAYABLE TO THE TRUSTEE**			
	Trustee fee	11.1	**12**	14
	Sindh Sales Tax	11.2	**2**	2
			14	16

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 million
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 million

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

		Note	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
			Rupees in '000	
12	**PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**			
	Annual fee payable to SECP	12.1	**6**	179

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: 0.095%) of the average annual net assets of the scheme. The fee is payable annually in arrears.

		Note		
13	**ACCRUED AND OTHER LIABLITIES**			
	Payable to brokers		**22**	23
	Auditors remuneration		**162**	118
	Printing charges payable		**138**	100
	Provision for SWWF	13.1	**-**	-
	Others		**574**	497
			896	738

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. Despite the above explained position, the management intends to record SWWF provision as a matter of abandon precaution. However, no provision has been made in the current period since the fund incurred losses.

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 1.04% which includes 0.10% 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 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity 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. However, the Fund has incurred loss for the period, therefore there is no distribution for the current period ended accordingly, no provision for current and deferred tax has been made in these condensed interim financial statements. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

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 Management Company	**617**	1,108
Expenses allocated by the Management Company	**31**	55
Sindh Sales Tax on management remuneration	**80**	144
MCB Financial Services Limited - Trustee		
Trustee remuneration	**37**	67
Sindh Sales Tax on trustee remuneration	**6**	9
AKD Securities Limited		
Brokerage Expense	**-**	3
Hina Aqeel - Close family member of the Chairman of the Group		
Redemption of Nil units (2018: 40,000)	**-**	1,917
Afsheen Aqeel Dhedhi- Close family member of the Chairman of the Group		
Redemption of Nil units (2018: 20,000)	**-**	959
Saim Mustafa Zuberi - Director of the Management Company		
Redemption of 10,078 units (2018: Nil)	**308**	-

17.2 Balances outstanding at the period / year end

	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
	Rupees in '000	
AKD Investment Management Limited - Management Company		
Remuneration payable	**197**	226
Sales Tax Provincial on Management Remuneration	**26**	29
Expenses allocated by the Management Company	**20**	11
Payable against formation cost	**746**	951
Sales Load payable	**-**	12
MCB Financial Services Limited - Trustee		
Remuneration payable	**12**	14
Sales tax on trustee remuneration payable	**2**	2
AKD Investment Management Limited - Staff Provident Fund		
Outstanding 121,237 units (June 2019: 121,237 units)	**3,708**	4,219
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Outstanding 200,000 units (June 2019: 200,000 units)	**6,117**	6,960
Saim Mustafa Zuberi - Director of the Management Company		
Outstanding Nil units (June 2019: 10,078 units)	**-**	351
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 30,000 units (June 2019: 30,000 units)	**918**	1,044
Hina Aqeel - Close family member of the Chairman of the Group		
Outstanding 42,632 units (June 2019: 42,632 units)	**1,304**	1,484
Afsheen Aqeel Dhedhi- Close family member of the Chairman of the Group		
Outstanding 21,316 units (June 2019: 21,316 units)	**652**	742
Anum Dhedhi - Chief Investment Officer & Director of the Management Company		
Outstanding 89,657 units (June 2019: 89,657 units)	**2,742**	3,120

	(Un-Audited) 30-Sep-2019	(Audited) 30-Jun-2019
	Rupees in '000	
Yasmeen Dhedhi - Close family member of the Chairman of the Group		
Outstanding 20,000 units (June 2019: 20,000 units)	**612**	696
Toqir Hussain - Key Management Personnel of the Management Company		
Outstanding 600 units (June 2019: 600 units)	**18**	21
Hamdard Laboratories (Waqf) Pakistan - Connected person due to more than 10% holding		
Outstanding 1,451,998 units (June 2019: 1,451,998)	**44,408**	50,531
Muhammad Omar Bawany* - Connected person due to more than 10% holding		
Outstanding Nil units (June 2019: 389,835 units)	**-**	13,567

* 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 hierarchy.

	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	**116,156**	**-**	**116,156**	**116,156**	**-**	**-**	**116,156**

	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	133,875	-	133,875	133,875	-	-	133,875

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

Printed by: KODWAVI

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