

Funds Managed by:  
**AKD Investment Management Ltd.**

# 2016



# annual report



**Partner  
with AKD  
Profit from the  
Experience**



**AKD Investment  
Management Ltd.**

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# CORPORATE INFORMATION



**Abdul Karim Memon**  
Chairman



**Imran Motiwala**  
Chief Executive Officer



**Hasan Ahmed**  
Director



**Nadeem Saulat Siddiqui**  
Director



**Ali Wahab Siddiqui**  
Director



**Aysha Ahmed**  
Director



**Saim Mustafa Zuberi**  
Director

## **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 Memon

### **Director & Chief Executive Officer**

Mr. Imran Motiwala

### **Directors**

Mr. Ali Wahab Siddiqui  
Mr. Hasan Ahmed  
Mr. Saim Mustafa Zuberi\*  
Ms. Aysha Ahmed\*\*  
Mr. Nadeem Saulat Siddiqui

## **CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY**

Mr. Muhammad Munir Abdullah

## **CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY**

Mr. Muhammad Yaqoob

## **HEAD OF INTERNAL AUDIT AND RISK MANAGEMENT OF THE MANAGEMENT COMPANY**

Ms. Noureen Nadir Ali

## **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)\*\*  
Ms. Noureen Nadir Ali (Secretary)

## **HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE**

Mr. Abdul Karim Memon (Chairman)  
Mr. Imran Motiwala (Member)  
Mr. Saim Mustafa Zuberi (Member)\*\*

## **RATING**

AKD Investment Management Ltd. (AMC)  
AM3+ (AM Three Plus) issued by PACRA

\*Appointed in place of Mr. Saad Iqbal who resigned on January 5, 2016.

\*\*Appointed in place of Mr. Ahmed Abdul Sattar (Late) who passed away on May 2, 2016.

\*\*\*Appointed member Audit Committee and HR & R Committee in place of Mr. Ahmed Abdul Sattar (Late).

# INFORMATION

# *Vision*



*To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.*

# Mission Statement



*AKD Funds 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*

# Key Management Profile

## Imran Motiwala - Chief Executive Officer

Mr. Motiwala became the CEO of AKD Investment Management Limited in April 26, 2011 and has also been serving as the CEO of Golden Arrow Selected Stocks Fund Limited since April 26, 2011. Mr. Motiwala had been designated as the Chief Operating Officer when he joined AKD Investment Management Limited in 2006 besides serving on the board of the Company from 2007. While at AKD Investment Management Limited he has undertaken several executive roles instrumental in building the Company's business besides serving as an Investment Committee member for the funds under management of the Company. Mr. Motiwala has almost 22 years experience of the capital markets from securities broking to asset management. Mr. Motiwala has had the honor of working with several leading reputable companies from his career beginnings with Ali Hussain Rajabali to serving institutional clients at JP Morgan based in Karachi, Pakistan. Mr. Motiwala then moved over to the buy-side and joined ABAMCO Limited (JS Investments Limited) in 2002 as a fund manager and was assigned the launching and managing of a fixed income fund. He later then joined Crosby Asset Management (Pakistan) Limited in 2003 as Head of Fund Management undertaking the entire asset management business. Mr. Motiwala graduated with Marketing major from the Southeastern University (Karachi Campus) in 1994.

## Nadeem Saulat Siddiqui - Executive Director

Mr. Nadeem Saulat Siddiqui is currently serving as an Executive Director on the board of AKD Investment Management Limited. He joined the company back in October 2009 as General Manager Marketing and Sales, a position that required him to be actively involved in the boosting up the company's sales along with focusing on its marketing strategies. Prior to joining AKD Investment Management Limited, Mr. Siddiqui led Shaukat Khanum Memorial Cancer Hospital & Research Centre's fund collection drive as he held the position of Incharge South - Manager Marketing & Resource Development there. Mr. Siddiqui holds an MBA in Marketing from College of Business Administration Lahore.

## Anum Dhedhi - Chief Investment Officer

Ms. Anum Dhedhi is currently working as a Chief Investment Officer at AKD Investment Management Limited. She has previously worked as an Economist at AKD Securities Limited and worked under various capacities of research. At a very young age she has attained significant accomplishments in her career. She is also serving as a Director on the Board of Golden Arrow Selected Stocks Fund Limited. She holds a B.Sc (Hon) in Financial Economics Degree from the City University of London, United Kingdom. She has also been certified by the Institute of Financial Markets of Pakistan for Fundamentals of Capital Markets, Pakistan's Market Regulations, and Mutual Fund Distributors.

## Muhammad Yaqoob - Chief Operating Officer & Company Secretary

Mr. Muhammad Yaqoob is currently working as the Chief Operating Officer and Company Secretary at AKD Investment Management Limited. He joined AKD Investment in the year 2005 and has worked in various capacities including Research, Product Development, Business Development and Fund Management. He participated in the launch of AKD Index Tracker Fund, AKD Opportunity Fund and AKD Aggressive Income Fund (formerly AKD Income Fund). He also participated in the conversion of AKD Index Tracker Fund from a closed-end scheme to an open-end scheme. He holds a Masters in Business Administration majors in Finance and CFA Level II. He is also serving as a Director on the Board of BIAFO Industries Limited. He is also serving as Chairman Audit Committee at BIAFO Industries Limited.

## Muhammad Munir Abdullah - Chief Financial Officer

Mr. Muhammad Munir Abdullah joined AKD Investment Management Limited in 2005 as Manager Accounts. He has vast experience of over Seventeen years of working with reputable organizations in the area of accounting & finance. Currently he is working under capacity of Chief Financial Officer at AKD Investment Management Limited.

## Noureen Nadir Ali - Head of Internal Audit & Risk

Ms. Noureen Nadir Ali has more than six years work experience in the auditing services. She is a Chartered Accountant (ACA) from ICAP, and holds Master's degree in Economics from the University of Karachi. Prior to joining AKDIML, she has served in USAID as Compliance and Finance Manager, Deloitte Pakistan and Deloitte Middle East. Currently she is reporting to Audit Committee and Chief Executive Officer for developing a flexible risk based annual internal audit plan using risk based models & methodologies to ensure its full implementation and carry out independent evaluations and appraisals of the effectiveness of the internal controls, policies, rules and procedures. She has strong analytical and evaluation skills and in-depth knowledge of International Financial Reporting Standards, International Standards on Auditing and other regulations.

### **Rashid Ahmed - Head of Compliance**

Mr. Rashid Ahmed has more than 20 years of working experience in the financial sector. He has been associated with AKD Investment Management Limited since September 2004. Prior to taking over as the Head of Compliance, Mr. Ahmed was working in the Finance Department in the capacity of Senior Manager Accounts. His current duties include looking after pre and post compliance of all applicable rules and regulations, dealing with matters regarding taxation and application of new and existing laws to the Company. Mr. Rashid is a Commerce Graduate from the University of Karachi. He has also been certified by the Institute of Financial Markets of Pakistan for Fundamentals of Capital Markets and Pakistan's Market Regulations.

### **Carrow Michael - Head of Administration & Human Resource**

Mr. Carrow Michael started his career with AKD Investment Management Limited in 2006 as an Operations Officer and since then he has served at different positions in Operations Department, He has also served as Head of Risk Management and as member of Investment Committee. He is currently serving as Head of Administration & Human Resource. Mr. Michael holds a Master's Degree in Business Administration in Finance from Khadim Ali Shah Bukhari Institute of Technology, Karachi. His areas of expertise include system development, customer support and information technology. He has also been certified by the Institute of Financial Markets of Pakistan for Fundamentals of Capital Markets, Pakistan's Market Regulations, Mutual Fund Distributors and Risk Management.

# 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) and AKD Aggressive Income Fund (AKDAIF) is pleased to present its Annual Report along with the Funds' audited financial statements for the year ended June 30, 2016.

## FUNDS' FINANCIAL PERFORMANCE AND ANNOUNCEMENTS

### AKD OPPORTUNITY FUND (AKDOF)

For the FY16, the return of AKD Opportunity Fund stood at 14.13% compared to the benchmark KSE-100 Index return of 9.84%, thus significantly outperforming the benchmark by 4.29%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs 2.0 per unit to Unit Holders during the year ended June 30, 2016.

### AKD INDEX TRACKER FUND (AKDITF)

For the FY16, the return of AKD Index Tracker Fund stood at 4.73% compared to the benchmark KSE-100 Index return of 9.84%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Re 0.75 per unit to Unit Holders during the year ended June 30, 2016.

### AKD CASH FUND (AKDCF)

For the FY16, the return of AKD Cash Fund stood at 5.45% compared to benchmark return of 5.42%, thus performance remains in line with benchmark.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs 2.72 per unit to Unit Holders during the year ended June 30, 2016.

### AKD AGGRESSIVE INCOME FUND (AKDAIF)

For the FY16, the return of AKD Aggressive Income Fund stood at 9.66% compared to the benchmark return of 6.82%, thus outperforming the benchmark by 2.84%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs 3.50 per unit to Unit Holders during the year ended June 30, 2016.

## MACRO PERSPECTIVE

The major macroeconomic indicators continued to exhibit improvements in FY16 on the back of subdued inflation, stable exchange rate, adequate foreign reserves, and low current and fiscal account deficits.

CPI inflation during FY16 clocked in 2.9%YoY as compared to 4.6%YoY for the corresponding period last year. Throughout FY16, inflation remained subdued due to prudent fiscal and monetary policy and smooth supply of commodities in market. While lower oil and commodity prices have benefited consumers, it also had an adverse impact on commodity-producing sectors of the economy: for example, lower product prices have hit farmer incomes and affected cropping decisions. In addition corporate profits were also affected due to inventory losses caused by depressed commodity prices. Going forward however, it is expected that inflation will slightly pick up and is expected to remain in range of 3% to 4%YoY.

Large scale manufacturing (LSM) showed growth of 3.45%YoY during July-May FY16 as compared to 3.35%YoY in the same period last year. The growth momentum in LSM continued due to decline in global commodity prices, improvement in the supply of electricity and gas coupled with expansion in credit to private sector. More importantly, accommodative policies (for instance, higher PSDP spending, "Apna

Rozgar' scheme and decade low interest rates) have also supported high growth in LSM. The LSM sector is expected to further gain momentum from the development work on projects under China Pakistan Economic Corridor (CPEC) going forward. In this regard, the real GDP is expected to maintain the preceding growth momentum.

The Current account deficit for FY16 recorded at USD 2.52 billion (0.9% of GDP), 6.8% lower than USD 2.71 billion (1.0% of GDP) for the previous year. During this period, the trade deficit widened by 8.14%YoY to USD 23.96 billion. This has resulted in 12.1%YoY broad based decline in exports primarily reflecting decline in textile exports of 7.4%YoY since the textile sector being largest contributor with a 60% share. While the oil prices have fallen sharply (79%YoY decline in Arablight annual avg.), imports in FY16 have contracted by a limited 2.3%YoY. Worker remittances in FY16 stood strong at USD 19.9billion, however the YoY growth is undergoing deceleration (+6.4%YoY vs. 18.2%YoY in FY15) on the back of tighter regulatory measures in US and the toll of lower oil prices on GCC countries. The total liquid foreign exchange reserves of Pakistan reached USD 23.085 billion by the end of FY16 incidentally reaching an all time high as compared to USD 18.699 billion at the end of FY15. During 4QFY16, International Monetary Fund (IMF) released the 11th tranche of USD 501 million under the Extended Fund Facility; to recap IMF had approved the three-year extended financing arrangement of approximately USD 6.64 billion for Pakistan of which USD 6.01 billion has been disbursed by 30 June 2016, this is the first time the country has successfully completed the program in 15 years and the sixth in its 58-year relationship with the international lending agency. Pakistan last completed a one-year standby arrangement in 2001.

The Federal Board of Revenue (FBR) was able to collect an unprecedented PKR 3.12 trillion in FY16 as compared to PKR 2.59 trillion in the corresponding period last year. The government has successfully reduced the fiscal deficit to 3.4% of GDP during 9MFY16 against 3.8% of GDP during the comparable period last year. The improvement in fiscal accounts came from growth in total revenue by 10.4%, healthy provincial surplus and reduction in total expenditure.

## **EQUITY MARKET REVIEW**

The KSE-100 Index started FY16 on a positive note recording 3.9% return in the month of July; however the Index fell by 4.6%YoY in 1HYF16. The index witnessed improvement during 2HFY16 recording a hefty return of 15.1%YoY. The KSE-100 Index FY16 registered a return of 9.84% YoY as compared to 16.01% in FY15.

Primary reason for the underperformance of index in 1HFY16 was low investor confidence resulting in lower market volumes, as domestic interest focused on real estate market as a preferred investment avenue. Negative news flow continued on the international front with concerns over China's economic slowdown and US-Federal Reserve rate hike dampened market performance. That said however, the 2HFY16 showed improvement as market participants weighted Pakistan monumental return to MSCI Emerging market index together with discounted valuations which expanded further against other emerging market numbers.

During the period under review, State Bank of Pakistan (SBP) cut the discount rate by a cumulative 75bps in FY16 as compared to cut of 300bps in FY15 and it stood at 6.25% at the close of the fiscal year.

Weak prospects of regional capital markets and feeble commodity prices marred prospective upswings in the market. During FY16, the prevailing uncertainty deepened further, as evident from investor's participation in the market which saw a YoY decline of approximately 19% and 16% in average daily turnover (ADT) and average daily traded value (ADTV), respectively.

Foreigners remained net sellers in FY16 as they sold off positions totaling roughly USD 293million. However, in the last 2 months of FY16, net foreign buying jumped to USD 74million. This hefty inflow might be credited to Pakistan's reclassification to MSCI emerging market index.

## **MONEY MARKET REVIEW**

In fiscal year 2015-16, State Bank of Pakistan (SBP) raised Rs 4,728 billion through Market Treasury Bills (MTB) auctions, as compared to Rs 3,537 billion in fiscal year 2014-15. During FY16, the average MTBs cut-off yields were 6.37%, 6.36% and 6.39% for 3-month, 6-month and 12-month tenures, respectively. Furthermore, the government carried out Pakistan Investment Bonds (PIB) auctions during the year and managed to raise PKR 1,399.6 billion as compared to PKR 1,006 billion in previous year. During FY16, the 3-year, 5-year and 10-year maturity cut-off yields averaged at 6.79%, 7.56% and 8.59% respectively. On the policy front, the discount rate was reduced by 75 basis points from 6.5% to 5.75% during FY16. Despite these low yields, market exhibited considerable interest in auctions on back of buying of large institutions.

Despite such huge amount accepted in the PIB auctions yield consistently continued their downward drive.

#### STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- (a) The financial statements, prepared by the Management Company of the Funds, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holders' funds.
- (b) Proper books of account of the Funds have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- (e) The system of internal control is sound in design and has effectively implemented and monitored.
- (f) There are no significant doubts upon the Funds' ability to continue as a going concern.
- (g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- (h) Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- (i) The statement showing the attendance of Directors in BOD meetings and Audit Committee meeting is as under:

No	Name of Director	MEETINGS ATTENDANCE					
		28-Apr-16	19-Feb-16	29-Oct-15	21-Sep-15	Attended	Leave
1	Mr. Abdul Karim Memon	✓	✓	✓	✗	3	1
2	Mr. Imran Motiwala	✓	✓	✓	✓	4	0
3	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
4	Mr. Saim Mustafa Zuberi^^	✓	✓	n/a	n/a	2	0
5	Mr. Ahmed Abdul Sattar (Late)*	✓	✓	✓	✓	4	0
6	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
7	Mr. Nadeem Saulat Siddiqui	✓	✓	✓	✓	4	0
8	Mr. Saad Iqbal**	n/a	n/a	✗	✗	0	2
9	Ms. Aysha Ahmed *	n/a	n/a	n/a	n/a	0	0

^^ Appointed on January 27, 2016 in place of Mr. Saad Iqbal resigned on January 5, 2016

\*Appointed on June 9, 2016 in place of Mr. Ahmed Abdul Sattar passed away on May 2, 2016

\*\* Appointed on August 17, 2015 in place of Mr. Ramzan Sheikh resigned on August 11, 2015

No	Name of Director	MEETINGS ATTENDANCE					
		28-Apr-16	19-Feb-16	29-Oct-15	19-Sep-15	Attended	Leave
1	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
2	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
3	Mr. Ahmed Abdul Sattar (Late)	✓	✓	✓	✓	4	0
4	Mr. Saim Mustafa Zuberi^	n/a	n/a	n/a	n/a	0	0

^ On June 13, 2016 Mr. Saim Zuberi was appointed in place of Mr. Ahmed Abdul Sattar.

- (j) During the year Mr. Ali Wahab Siddiqui acquired certification under the directors training program (Module II).
- (k) There have been no trades in the units of the Funds carried out by the Directors, CEO, CFO, CIO, COO, Company Secretary and their spouses and minor children of the Management Company other than as disclosed below and in the note to the financial statements:

S.No.	Trades by	Designation	Investment (No. of units)	Redemption (No. of units)
<b>AKD Opportunity Fund</b>				
1.	Mr. Imran Motiwala	CEO	6,919	-
2.	Ms. Sehr Imran Motiwala	Spouse - CEO	608,674	146,896
3.	Mr. Saad Iqbal*	Director	58,790	58,790
4.	Ms. Anum Dhedhi	CIO	22,960	-
5.	Mr. Muhammad Yaqoob	COO & Company Secretary	4,313	-
<b>AKD Cash Fund</b>				
1.	Ms. Sehr Imran Motiwala	Spouse - CEO	1,029,643	1,029,643
2.	Mr. Saad Iqbal*	Director	99,092	99,092
<b>AKD Aggressive Income Fund</b>				
1.	Ms. Sehr Imran Motiwala	Spouse - CEO	779,827	779,827
2.	Mr. Saad Iqbal*	Director	290,463	290,463
3.	Mr. Muhammad Munir	CFO	5,330	-

\*Mr. Saad Iqbal resigned from the Board on January 05, 2016.

#### **RATING OF THE MANAGEMENT COMPANY**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM3+' (AM Three plus) to AKD Investment Management Limited (AKDIML) on June 08, 2016.

#### **RATING OF THE FUNDS**

##### **AKD OPPORTUNITY FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 5-STAR performance ranking in long term and short term to AKD Opportunity Fund (AKDOF) based on performance for the period ended December 31, 2015 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking and trailing 60 months for 5 Year ranking) on June 29, 2016.

##### **AKD CASH FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of 'AA+ (f)' (Double A plus ; fund rating) to AKD Cash Fund (AKDCF) on August 16, 2016.

##### **AKD AGGRESSIVE INCOME FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned stability rating of "BBB+(f)" (Triple B Plus ; fund rating) to AKD Aggressive Income Fund (AKDAIF) on August 16, 2016.

## **PATTERN OF UNIT HOLDING**

The detailed pattern of unit holding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed.

## **APPOINTMENT OF AUDITORS**

The present auditors, M/s Deloitte Yousuf Adil, Chartered Accountants are retiring and have completed their five years as auditors of the AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF). As per the requirements of the Code of Corporate Governance the auditors have to be changed this year. The Board appointed M/s A.F. Ferguson & Co., Chartered Accountants as the statutory auditors for AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF), for the year 2016-2017 as recommended by the Audit Committee.

The Board re-appointed M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants as the statutory auditors for AKD Index Tracker Fund (AKDITF) and AKD Opportunity Fund (AKDOF), for the year 2016-2017 as recommended by the Audit Committee.

The Board re-appointed M/s Grant Thornton Anjum Rahman, Chartered Accountants as statutory auditors of AKD Investment Management Limited for the year 2016-2017 as recommended by the Audit Committee.

## **FUTURE OUTLOOK**

Going forward, we believe the economy is expected to achieve sustainable growth driven by low inflation, favorable commodity prices, increase in foreign exchange reserves, increase in foreign remittances and growth in tax collection. CPEC as quoted by state officials remains a key game changer for the country's economics as strong FDI numbers and trickle down affect of an unprecedented USD 46 billion investment is bound to rejuvenate activity; while we also expect more corporate Pak-China partnerships this year to bond well for the market. Pakistan equity market is expected to be one of the top performing markets in FY17, where we expect KSE-100 index to witness a strong positive trajectory on the back of lower policy rate, improved economic outlook, and healthy growth in corporate profitability. Moreover, due to the upgrade from MSCI FM to MSCI EM in May-17, we expect significant foreign inflows during FY17. However, a rebound in oil prices, slowdown in China, uncertainties about recovery in EU in the post Brexit period and interest rate hike by US Federal Reserve shall have a consequential affect on flows and trade.

## **ACKNOWLEDGEMENTS**

The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the State Bank of Pakistan and the Management of the Pakistan Stock Exchange for their support to the Mutual Fund Community as a whole and our Custodian M/s Central Depository Company of Pakistan Limited for their cooperation and support to us. The Board also appreciates the devoted performance of the staff and officers of the AKD Investment Management Limited. The Board will also like to thank unitholders of the Funds for their confidence in the Management Company and their continued support and guidance. The Board members and management company also wishes to acknowledge the services of Mr. Ahmed Abdul Sattar, who served as a member of the Board of Directors for about three years and provided visionary support to the company. May Allah rest his soul in peace.

For and on behalf of the Board

Karachi: September 28, 2016

**Imran Motiwala**  
Chief Executive Officer

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# AKD Cash Fund



## MANAGEMENT COMPANY

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

## TRUSTEE

Central Depository Company of  
Pakistan Limited  
CDC House 99-B, Block-B S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi.

## BANKERS

Allied Bank Limited  
Askari Bank Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited

## AUDITORS

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahr-e-Faisal,  
Karachi-75350

## 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)

## DISTRIBUTOR

AKD Investment Management Limited  
AKD Securities Limited  
BMA Capital Management Limited  
First Street Capital (Pvt.) Limited  
Savings Lounge (Pvt.) Limited

## RATING

AKD CASH FUND  
PACRA: AA+(f) [Double A Plus (f)]

**FUND MANAGER’S REPORT**

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

Open - end Money Market Scheme

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

The investment objective of the Fund is to provide optimum return consistent with minimal risk from a portfolio constituted of high quality short term securities / instruments, which will provide liquidity to investors. The fund exclusively invest in highly secure ('AA' and above) debt instruments such that the weighted average maturity of its assets stay below 90 days.

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

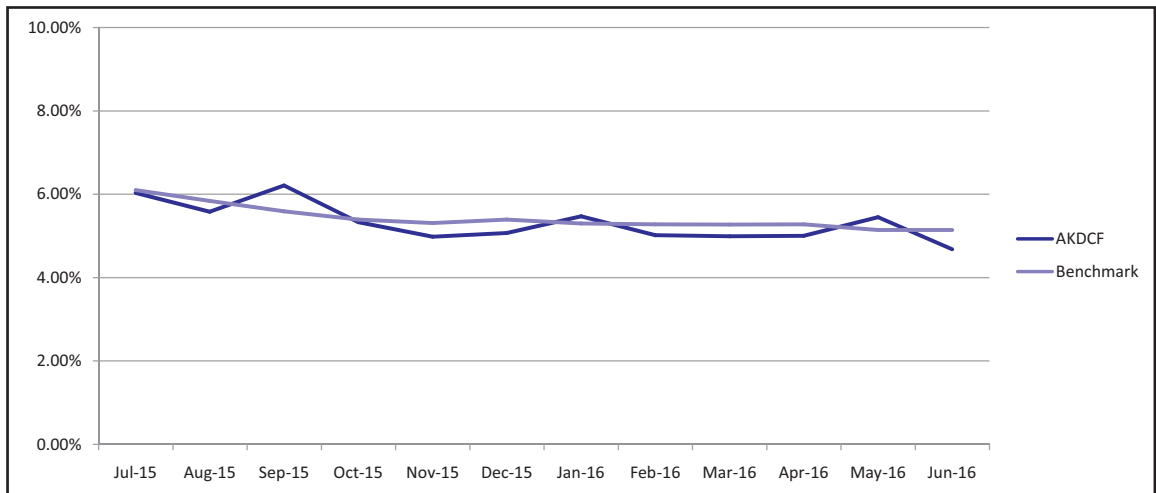
For the FY16, the return of AKD Cash Fund stood at 5.45% compared to benchmark return of 5.42%, thus performance remains in line with benchmark.

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

50% Average return of 3 months term deposit rates of AA and above rated scheduled commercial Bank (s), and 50% average 3months T-Bills rate.

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

Monthly yield (annualized)	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
AKDCF	6.03%	5.58%	6.21%	5.33%	4.98%	5.07%	5.47%	5.02%	4.99%	5.00%	5.45%	4.68%
Benchmark	6.10%	5.84%	5.59%	5.39%	5.31%	5.39%	5.30%	5.28%	5.27%	5.28%	5.14%	5.14%



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

AKD Cash Fund is an open-end Money Market Scheme. The returns of the funds are generated through investment in high quality short term government securities. AKDCF 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-June-16	31-Mar-16
Cash and Cash Equivalents	99.58%	99.90%
Other Assets Including Receivables	0.42%	0.10%

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

<b>FY16</b>	<b>5.45%</b>
Benchmark	5.42%

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

Net Assets Value			NAV Per Unit	
30-Jun-16	31-Mar-16	Change in Net Assets	30-June-16	31-Mar-16
(Rupees in '000)			(Rupees)	
262,647	208,634	25.88%	50.1283	52.1918

- 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:**

### Economy

The key macroeconomic indicators continued to exhibit improvements in FY16 based on subdued CPI inflation, record low interest rates, adequate foreign reserves, stable exchange rate, with low current account deficit despite a sharp decline in exports and an improved fiscal position.

Large Scale Manufacturing (LSM) growth has witnessed an upward trajectory on the back of lower commodity prices, better energy supplies, increased domestic demand for consumer durables and expansion in the construction sector. The sector showed growth of 3.45%YoY during FY16 as compared to 3.35%YoY in the same period last year. Going forward, economic activity is expected to improve further on the back of materialization of mega projects worth USD 46 billion under China Pakistan Economic Corridor (CPEC).

The Headline Consumer Price Index (CPI) has been considerably lower, reaching 2.9%YoY for FY16 as compared to 4.6%YoY in the corresponding period last year. Keeping in view the depressed outlook of global commodity prices, moderate pickup in domestic demand with a further ease in supply side constraints, average inflation of FY17 is expected to remain in the range of 3-4%YoY.

An essential achievement on the macroeconomic front has been the continuous improvement in liquid foreign exchange reserves position. Total foreign reserves increased to USD 23.08 billion by the end of FY16 as compared to USD 18.69 billion in the corresponding period last year. Overseas Pakistani workers' remittances stood at USD 19.92 billion in FY16, a steady growth of 6.41%YoY as compared to remittance amounting to USD 18.72 billion for the preceding year. In addition, the International Monetary Fund (IMF) released its 11th tranche of USD 501 million in 4QFY16 under Extended Fund Facility. Earlier, IMF had approved the three-year extended arrangement of about USD 6.64 billion for Pakistan of which USD 6.01 billion has been disbursed by 30 June 2016.

The Federal Board of Revenue (FBR) was able to collect an unprecedented PKR 3.12 trillion in FY16 on the back of better revenue generation as well as a decline in non-development spending. The Government has successfully reduced the fiscal deficit to 3.4% of GDP during 9MFY16 against 3.8% of GDP during the comparable period last year. The improvement in fiscal accounts came from healthy provincial surplus, reduction in total expenditure and growth in total revenue by 10.4%YoY.

However, the Balance of Payments position of Pakistan deteriorated in the period under review, as the exports tumbled by 8.6%YoY in FY16 to USD 22.0 billion from USD 24.08 billion in the corresponding period last year. Although, imports were also on a declining trend at a much slower pace during FY16, as they fell a mere 1.96%YoY and stood at USD 40.47 billion. Despite falling imports, the trade deficit increased by 7.42%YoY reaching USD 18.46 billion during FY16, as opposed to USD 17.91 billion in same period last year.

Overall improvement in macroeconomic indicators such as stable exchange rate, low inflation, and high FX reserves has set the platform for higher and sustained economic growth. Improved security situation and better availability of energy supplies have eased two of the major constraints, which were undermining economic growth. The Government hence expects a higher GDP growth of 5.7%YoY in FY17 compared to 4.7%YoY recorded this year.

### Money Market

During FY 16, Government carried out 26 Market Treasury Bills (MTB) auctions, raising in total PKR 4,728 billion as compared to PKR 3,537 billion in FY 15, with average cut-off yields as follows:

MTBs	3-Month	6-Month	12-Month
FY'16	6.37%	6.36%	6.39%
FY'15	8.82%	8.76%	8.63%

Furthermore, Government raised Rs 1,399.6 billion from 13 auctions of Pakistan Investment Bonds (PIB) auctions in FY 16, compared to Rs 1,006 billion in FY 15 (39% increase YoY). Average cut-off yields were as follows:

PIBs	3-Year	5-Year	10-Year
FY'16	6.79%	7.56%	8.59%
FY'15	9.92%	10.44%	11.09%

Meanwhile during FY 16 State Bank of Pakistan decided to reduce the policy rate by 75 basis points from 6.50% to 5.75%. Despite these low yields, market exhibited considerable interest in auctions on back of buying of large institutions.

### Future Outlook

The economic outlook of Pakistan has improved significantly in the recent past as evident from healthy economic indicators. This improvement is linked to the soft oil prices which improved the country's balance of payment position while the IMF Extended Fund Facility program and the fiscal discipline it brings further helped build up the foreign exchange reserves and cultivated reforms. In addition to that, Government's focus on energy projects is expected to resolve the prevailing energy crisis and improve the competitiveness of industries.

CPEC worth USD 46 billion is going to be a remarkable development for economic growth in the country through investments in transportation, infrastructure and the energy sector. Going forward, we believe the economy of Pakistan is expected to achieve sustainable growth on the back of increase in tax revenue collection, favorable commodity prices, low inflation, and increase in foreign exchange reserves and foreign remittances. Moving forward, Pakistan's upgrade from MSCI Frontier Market to MSCI Emerging Market can bring significant foreign inflows in FY17 leading up to the inclusion.

**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	15
10,000 - 49,999	7
50,000 - 99,999	3
100,000 - 499,999	2
500,000 and above	3
	<b>30</b>

**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.

## DETAILS OF PATTERN OF HOLDING (UNITS)

As at June 30, 2016

	Units Holders	Units Held	% of Total
<b>Associated Companies</b>	-	-	-
<b>Directors and CEO</b>	-	-	-
Individuals	24	350,814	6.70%
Insurance Companies	-	-	-
Banks/DFIS	2	1,632,204	31.15%
NBFCs	-	-	-
Retirement Funds	2	153,463	2.93%
Other Corporate	2	3,103,025	59.22%
Others	-	-	-
<b>Total</b>	<b>30</b>	<b>5,239,506</b>	<b>100.00%</b>

## TRUSTEE REPORT TO THE UNIT HOLDERS

### AKD CASH FUND

#### **Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Cash Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: September 27, 2016

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Clause 5.19 of the Rule book of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) for the purpose of establishing a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

AKD Investment Management Limited, being the Management Company, which manages the affairs of the Fund, has applied the principles contained in the Code in the following manner:

- The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Directors	<ol style="list-style-type: none"> <li>Ms. Aysha Ahmed*</li> <li>Mr. Hasan Ahmed</li> <li>Mr. Ali Wahab Siddiqui</li> </ol>
Executive Directors	<ol style="list-style-type: none"> <li>Mr. Imran Motiwala - Chief Executive Officer</li> <li>Mr. Nadeem Saulat Siddiqui</li> </ol>
Non Executive Directors	<ol style="list-style-type: none"> <li>Mr. Abdul Karim Memon</li> <li>Mr. Saim Mustafa Zuberi**</li> </ol>

\* appointed in place of Mr. Ahmed Abdul Sattar who passed away on May 02, 2016

\*\* appointed in place of Mr. Saad Iqbal who resigned on January 05, 2016. Mr. Saad Iqbal was appointed in place of Mr. Ramzan Sheikh, who resigned on August 11, 2015

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the Code.

- The directors of the Management Company have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the Management Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI), a Non-Banking Financial Institution (NBFI), or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- Three casual vacancies occurred on the Board of the Management Company on August 11, 2015, January 5, 2016 and May 2, 2016 were filled up by the directors within 90 days.
- The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken place to disseminate it throughout the Management Company along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration, and terms and conditions of the employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Five directors on the Board have obtained certification under the Director Training Program as required under the Code. All the directors are well conversant with the relevant laws applicable to the Fund and the Management Company, its policies and procedures, provisions of memorandum and articles of association, and are aware of their duties and responsibilities.
10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal audit has been made during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer of the Management Company before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the units of the Fund other than that disclosed in pattern of unit holdings in the financial statements of the Fund.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including Chairman of the Committee.
18. The Board has set up an effective Internal Audit Function managed by qualified and experienced professionals who are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund, and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the unit price of Fund, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board

Karachi: September 28, 2016

**Imran Motiwala**  
Chief Executive Officer

## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **AKD Investment Management Limited** (the Management Company) of **AKD Cash Fund (the Fund)** for the year ended June 30, 2016 to comply with the requirements of Regulations 5.19 of the Rule Book of Pakistan Stock Exchange (formerly Karachi Stock Exchange) where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length terms and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Management Company for the year ended June 30, 2016.

Karachi: September 28, 2016

**Deloitte Yousuf Adil**  
Chartered Accountants

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **AKD Cash Fund** (the Fund) managed by AKD Investment Management Limited (the Management Company), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, distribution statement, statement of movements in unit holders' fund, cash flow statement and a summary of significant accounting policies together with other explanatory information.

#### **Management Company's responsibility for the financial statements**

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of approved accounting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi: September 28, 2016

**Deloitte Yousuf Adil**  
Chartered Accountants  
Engagement Partner: Mushtaq Ali Hirani

## STATEMENT OF ASSETS AND LIABILITIES

### AS AT JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>ASSETS</b>			
Bank balances	4	15,472	109,833
Investments	5	282,990	174,165
Profit receivable on bank deposits		229	124
Prepayments		-	69
Preliminary expenses and floatation costs	6	125	350
Receivable on conversion of units		907	-
<b>Total assets</b>		<b>299,723</b>	284,541
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company	7	1,119	1,239
Payable to Central Depository Company of Pakistan Limited - Trustee	8	30	39
Payable to Securities and Exchange Commission of Pakistan		149	313
Accrued expenses and other liabilities	9	2,382	3,069
Payable on redemption of units		33,396	66,613
<b>Total liabilities</b>		<b>37,076</b>	71,273
<b>NET ASSETS</b>		<b>262,647</b>	213,268
<b>UNIT HOLDERS' FUND (as per statement attached)</b>		<b>262,647</b>	213,268
<b>Contingencies and Commitments</b>	10		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>5,239,506</b>	4,255,832
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>50.1283</b>	50.1119

The annexed notes from 1 to 26 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

\_\_\_\_\_  
**Nadeem Saulat Siddiqui**  
Director

## INCOME STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2016

INCOME	Note	2016 ----- (Rupees in '000) -----	2015
Profit / income on			
- market treasury bills		12,150	37,387
- on bank deposits		814	1,143
		<b>12,964</b>	38,530
Capital (loss) / gain on sale of investments - net		(2)	175
Unrealized appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		5	2
<b>Total income</b>		<b>12,967</b>	38,707
<b>EXPENSES</b>			
Remuneration of AKD Investment Management Limited - Management Company (inclusive of federal excise duty and sales tax)	11	1,052	2,228
Remuneration of Central Depository Company of Pakistan Limited - Trustee (inclusive of sales tax)	12	340	626
Annual fee - Securities and Exchange Commission of Pakistan	13	149	313
Auditors' remuneration	14	221	219
Bank charges		39	53
Amortisation of preliminary expenses and floatation costs	6	225	225
Security transaction costs		7	6
Fees and subscription		47	55
Legal and professional charges		169	130
Printing and related costs		175	170
Allocated expenses from Management Company	15	90	-
Provision for Workers' Welfare Fund	9.1	-	285
<b>Total expenses</b>		<b>2,514</b>	4,310
<b>Net income from operating activities</b>		<b>10,453</b>	34,397
Element of loss and capital losses included in prices of units issued less those in units redeemed		(4,925)	(20,425)
<b>Net income for the year before taxation</b>		<b>5,528</b>	13,972
<b>Taxation</b>	16	-	-
<b>Net income for the year after taxation</b>		<b>5,528</b>	13,972
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>5,528</b>	13,972
Earnings per unit - basic and diluted	3.1	-	-

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

\_\_\_\_\_  
**Nadeem Saulat Siddiqui**  
Director

## DISTRIBUTION STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	----- (Rupees in '000) -----	
Undistributed income brought forward		
- Realized Income	871	711
- Unrealized income	2	(30)
	873	681
Interim distribution @ Rs. 2.72 per unit on June 22, 2016 (2015: Rs. 4.25 per unit on June 26, 2015)		
- Cash distribution	(5,441)	(13,780)
Net income for the year after taxation	5,528	13,972
<b>Unappropriated income carried forward</b>	<b>960</b>	<b>873</b>
Realized income	955	871
Unrealized income	5	2
	<b>960</b>	<b>873</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

\_\_\_\_\_  
**Nadeem Saulat Siddiqui**  
Director

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2016

	2016 ----- (Rupees in '000) -----	2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	5,528	13,972
<b>Adjustments for non-cash and other items</b>		
Capital (gain) / loss on sale of investments	2	(175)
Unrealized (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(5)	(2)
Element of loss and capital losses included in prices of units issued less those in units redeemed	4,925	20,425
	<b>10,450</b>	<b>34,220</b>
<b>(Increase) / decrease in assets</b>		
Investments - net	(138,240)	296,116
Profit receivable on bank deposits	(105)	(6)
Prepayments	69	(5)
Preliminary expenses and floatation costs	225	225
Receivable on conversion of units	(907)	-
	<b>(138,958)</b>	<b>296,330</b>
<b>(Decrease) / Increase in liabilities</b>		
Payable to AKD Investment Management Limited - Management Company	(120)	(2)
Payable to Central Depository Company of Pakistan Limited - Trustee	(9)	(14)
Payable to Securities and Exchange Commission of Pakistan	(164)	(60)
Accrued expenses and other liabilities	(687)	1,375
Payable on redemption of units	(33,217)	65,586
	<b>(34,197)</b>	<b>66,885</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(162,705)</b>	<b>397,435</b>
<b>B. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts / (payments) against issuance / (redemption) of units - net	44,367	(318,385)
Dividend paid	(5,441)	(13,780)
	38,926	(332,165)
<b>Net increase / (decrease) in cash and cash equivalents (A+B)</b>	<b>(123,779)</b>	<b>65,270</b>
Cash and cash equivalents at beginning of the year	283,998	218,728
<b>Cash and cash equivalents at end of the year</b>	<b>160,219</b>	<b>283,998</b>

4.2

The annexed notes from 1 to 26 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

**Imran Motiwala**  
Chief Executive Officer

**Nadeem Saulat Siddiqui**  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2016

	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>Net assets at beginning of the year</b>	<b>213,268</b>	511,036
Issue of 17,406,425 units (2015 : 18,609,840 units) * It includes 62,778 units (2015: 199,533) reinvested by the unitholders against their cash dividend entitlement amounting to Rs. 3.14 million (net of tax) (2015: Rs. 9.99 Million)	<b>883,281</b>	976,562
Redemption of 16,422,751 units (2015 : 24,561,105 units)	<b>(838,914)</b>	(1,294,947)
	<b>44,367</b>	(318,385)
Element of loss and capital losses included in prices of units issued less those in units redeemed  - amount representing losses and capital losses - transferred to Income Statement	<b>4,925</b>	20,425
Capital gain / (loss) on sale of investments	<b>(2)</b>	175
Unrealised appreciation on re-measurement of investments at fair value through profit or loss - net	<b>5</b>	2
Other net income for the year	<b>5,525</b>	13,795
Interim distribution @ Rs. 2.72 per unit on June 22, 2016 (2015: Rs. 4.25 per unit on June 26, 2015) - Cash distribution	<b>(5,441)</b>	(13,780)
	<b>87</b>	192
<b>Net assets at end of the year</b>	<b>262,647</b>	213,268
	<b>(Number of units)</b>	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>5,239,506</b>	4,255,832
	<b>----- (Rupees) -----</b>	
<b>NET ASSET VALUE PER UNIT</b>	<b>50.1283</b>	50.1119

The annexed notes from 1 to 26 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

\_\_\_\_\_  
**Nadeem Saulat Siddiqui**  
Director

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### 1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Cash Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorized constitution of the Trust Deed on August 15, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules). The Initial Public Offering (IPO) of the Fund was made during the period from January 19, 2012 to January 20, 2012. The Fund commenced operations from January 21, 2012. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. January 19, 2012.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Rules through a certificate of registration issued by SECP. 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 end mutual fund and is listed on the Pakistan Stock Exchange (formerly Karachi Stock Exchange). Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.

The principal activity of the Fund is to make investments in market treasury bills and deposits. Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund. The Fund is classified as "Money Market Fund".

The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned Asset Manager / Management Quality Rating of 'AM3+' to the Management Company dated June 8, 2016 and May 4, 2016 respectively. PACRA has also assigned fund stability rating of "AA+(f)" to the fund dated August 16, 2016.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of the Trust Deed. Wherever the requirements of the Rules, the Regulations, directives issued by SECP or the Trust Deed differ with the requirements of IFRS, the requirements of the Rules, the Regulations, directives issued by SECP or the Trust Deed prevail.

## 2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

<b>Standards / amendments / interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015

In addition to above standards, IFRS 13 - Fair Value Measurement also became effective in the current year. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures.

## 2.3 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

<b>Standards / amendments / interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
Amendments to IAS 1 'Presentation of Financial Statements' - disclosure initiative	January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 Intangible Assets' - clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - equity method in separate financial statements	January 01, 2016

<b>Standards / amendments / interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
Amendments to IFRS 2 'Share-based Payment' - clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: applying the consolidation exception	January 01, 2016
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely. Earlier adoption is permitted.
Amendments to IFRS 11 'Joint Arrangements' - accounting for acquisitions of interests in joint operations	January 01, 2016

Other than the aforesaid standards, amendments and interpretations, the International Accounting Standards Board (IASB) has also issued the following standards which are yet to be notified locally by Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

The Fund expect that the adoption of the above standards based on applicability will not have any material impact on its financial statements in the period of initial application except for increase in disclosure requirement.

## **2.4 Critical accounting estimates and judgments**

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments.

## **2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention except that certain financial assets have been carried at fair value.

## **2.6 Functional and presentation currency**

The financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term investments having original maturities of upto three months.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss and, loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

##### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' - held for trading category.

##### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Fund commits to purchase or sale the asset

##### 3.2.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Income Statement.

##### 3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss are valued on the basis of rates announced by the Financial Market Association of Pakistan in accordance with the requirements of the Regulations.

##### 3.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets has impaired. The carrying value of the fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses is recognised in the income statement in case of held for trading financial assets.

For financial assets classified as 'loans and receivable', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to original terms. The amount of the provision is the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

### **3.2.6 Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the fund has transferred substantially all risks and rewards of ownership.

### **3.3 Financial liabilities**

Financial liabilities are recognized at the time when the Fund becomes a party to the obligation.

Financial liabilities are derecognized when the obligation is discharged or cancelled or expired.

### **3.4 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is a intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include expenses in connection with authorization of the Scheme and its application fee payable to SECP, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund, marketing of the Fund to Unit Holders and inviting investment therein and all expenses incurred during the period leading up to the Initial Offering Period. These costs are amortised over a period of five years starting from the commencement of operations of the Fund.

### 3.7 Revenue recognition

- Profit on investments is recognized on an accrual basis. (In case of financial assets classified as non-performing, income is recognized on receipt basis).
- Profit on bank deposits is recognized on an accrual basis.
- Income on issuance and redemption of units is recognised when the units are issued and redeemed at the transaction date.
- Realized capital gains/(losses) arising on sale of investments are included in the Income Statement on the date at which the transactions takes place.
- Unrealized capital gains / (losses) arising on marking to market of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the year in which they arise.

### 3.8 Expenses

All expenses are recognised in the Income Statement on accrual basis.

### 3.9 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and provision for duties and charges, if applicable. The sales load is payable to the Management Company, investment facilitators or distributors.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

### 3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognized in Income Statement and to the extent that it is represented by unrealized appreciation / (diminution) arising during the year on available-for-sale securities is included in Distribution Statement.

### 3.11 Taxation

The Fund's income is exempt from Income Tax as per clause 99 of part I of the Second Schedule of 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 amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management Company has distributed the required percentage of the Fund's accounting income for the year ended June 30, 2016 to its unit holders. Accordingly, no liability has been recorded in the current year.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealized, to its unit holders every year.

### 3.12 Earnings per unit - basic and diluted

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

### 3.13 Net asset value per unit

The net asset value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at year end.

### 3.14 Proposed distributions and transfer between reserves

Distributions declared and transfers between reserves made subsequent to the date of Statement of Assets and Liabilities are considered as non-adjusting events and are recognized in the financial statements in the year in which such distributions are declared / transfers are made.

	Note	2016 ----- (Rupees in '000) -----	2015 -----
<b>4. BANK BALANCES</b>			
In savings accounts	4.1	15,462	109,823
In current accounts		10	10
		<b>15,472</b>	<b>109,833</b>
<b>4.1</b>	These carry markup at the rates ranging from 4% to 5.75% (2015: 4.5 % to 6 %)		
<b>4.2 CASH AND CASH EQUIVALENTS</b>			
Bank Balances	4	15,472	109,833
Market Treasury Bills having original maturity of upto three months		144,747	174,165
		<b>160,219</b>	<b>283,998</b>
<b>5. INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss - held for trading</b>			
- Government securities	5.1	282,990	174,165

5.1 Government securities (financial assets at fair value through profit or loss - held for trading)

Issue date	Tenor	Face value				Balance at June 30, 2016			Market value as a percentage of net assets	Market value as a percentage of investments
		As at July 1, 2015	Purchase during the year	Sales / matured during the year	Balance at June 30, 2016	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
<b>Market treasury bills</b>										
February 19, 2015	1 Year	-	175,000	175,000	-	-	-	-	-	-
April 16, 2015	3 Months	50,000	-	50,000	-	-	-	-	-	-
April 30, 2015	3 Months	60,000	-	60,000	-	-	-	-	-	-
April 30, 2015	6 Months	-	50,000	50,000	-	-	-	-	-	-
May 14, 2015	3 Months	35,000	-	35,000	-	-	-	-	-	-
May 14, 2015	3 Months	5,000	-	5,000	-	-	-	-	-	-
May 28, 2015	3 Months	25,000	-	25,000	-	-	-	-	-	-
May 28, 2015	3 Months	-	20,000	20,000	-	-	-	-	-	-
July 9, 2015	3 Months	-	55,000	55,000	-	-	-	-	-	-
July 23, 2015	3 Months	-	50,000	50,000	-	-	-	-	-	-
August 6, 2015	6 Months	-	194,000	194,000	-	-	-	-	-	-
August 6, 2015	3 Months	-	35,000	35,000	-	-	-	-	-	-
August 6, 2015	1 Year	-	64,000	15,000	49,000	48,733	48,733	-	18.55	17.22
August 6, 2015	1 Year	-	90,000	-	90,000	89,511	89,510	(1)	34.08	31.63
August 20, 2015	3 Months	-	50,000	50,000	-	-	-	-	-	-
September 3, 2015	3 Months	-	10,000	10,000	-	-	-	-	-	-
September 17, 2015	6 Months	-	95,000	95,000	-	-	-	-	-	-
October 1, 2015	3 Months	-	55,000	55,000	-	-	-	-	-	-
October 29, 2015	3 Months	-	35,000	35,000	-	-	-	-	-	-
November 12, 2015	3 Months	-	40,000	40,000	-	-	-	-	-	-
November 12, 2015	3 Months	-	45,000	45,000	-	-	-	-	-	-
November 12, 2015	3 Months	-	5,000	5,000	-	-	-	-	-	-
November 12, 2015	6 Months	-	25,000	25,000	-	-	-	-	-	-
November 26, 2015	3 Months	-	10,000	10,000	-	-	-	-	-	-
November 26, 2015	3 Months	-	5,000	5,000	-	-	-	-	-	-
November 26, 2015	3 Months	-	4,000	4,000	-	-	-	-	-	-
December 28, 2015	3 Months	-	55,000	55,000	-	-	-	-	-	-
January 21, 2016	3 Months	-	10,000	10,000	-	-	-	-	-	-
January 21, 2016	3 Months	-	50,000	50,000	-	-	-	-	-	-
February 18, 2016	3 Months	-	100,000	100,000	-	-	-	-	-	-
March 17, 2016	3 Months	-	60,000	60,000	-	-	-	-	-	-
April 14, 2016	3 Months	-	35,000	-	35,000	34,965	34,966	1	13.31	12.36
April 14, 2016	3 Months	-	85,000	-	85,000	84,919	84,917	(2)	32.33	30.01
May 12, 2016	3 Months	-	55,000	30,000	25,000	24,857	24,864	7	9.47	8.79
<b>Total - 2016</b>		<b>175,000</b>	<b>1,562,000</b>	<b>1,453,000</b>	<b>284,000</b>	<b>282,985</b>	<b>282,990</b>	<b>5</b>		
<b>Total - 2015</b>						<b>174,163</b>	<b>174,165</b>	<b>2</b>		

	Note	2016	2015
----- (Rupees in '000) -----			
<b>6. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
Opening balance	6.1	350	575
Less: Amortisation during the year		(225)	(225)
Balance at June 30,		<u>125</u>	<u>350</u>

- 6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from January 21, 2012.

	Note	2016	2015
----- (Rupees in '000) -----			
<b>7. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee		71	105
Federal excise duty on management fee	7.1	669	541
Sindh sales tax on management fee		11	18
Allocated expenses from Management Company payable		18	-
Preliminary expenses and floatation costs		350	575
		<u>1,119</u>	<u>1,239</u>

- 7.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On September 4, 2013, a constitutional petition was filed in Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The SHC in its decision dated July 16, 2016 maintained the previous order on the FED. The management is however of the view that since the Federal Government still has the right to appeal against the order, the previous balance of FED can not be reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non banking finance companies from the charge of FED on their services.

In view of the pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs. 0.67 million. Had the said provision of FED not been recorded in the books of account of the Fund, the Net Assets Value (NAV) of the Fund would have been higher by Re. 0.1277 (0.25%) per unit as at June 30, 2016 (2015: Re. 0.1272 (0.25%) per unit).

	Note	2016	2015
----- (Rupees in '000) -----			
<b>8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	12.1	26	39
Sindh sales tax on trustee fee	12.2	4	-
		<u>30</u>	<u>39</u>

	Note	2016	2015
----- (Rupees in '000) -----			
<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		179	178
Provision for workers' welfare fund	9.1	1,699	1,699
Other		504	1,192
		<b>2,382</b>	<b>3,069</b>

#### 9.1 Provision For Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / Mutual Funds whose income exceeds Rs. 0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by the CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the SHC in various constitutional petitions declared that amendments brought in the WWF Ordinance through the Finance Act, 2006 and 2008, do not suffer from any constitutional or legal infirmity.

However, as per advice of legal counsel the stay granted to CISs remains intact and the constitution petitions filed by the CISs to challenge the WWF contribution have not been affected by the SHC judgment. In view of the aforementioned developments and uncertainties created by the decision of SHC, Management Company, as a matter of abundant precaution, has decided to charge the entire provision for WWF in these financial statements.

Furthermore, in the Finance Act, 2015, the Mutual Funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the WWF Ordinance, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from July 01, 2015. Hence, the matter regarding previous years would either need to be clarified by Federal Board of Revenue (FBR) or would be resolved through courts. The Management Company, as a matter of prudence, has decided to retain the provision for WWF amounting to Rs. 1.699 million in these financial statements pertaining to period July 01, 2011 to June 30, 2015 and have not recognised any further provision after June 30, 2015. Had the said provision of WWF not been recorded in the books of account of the Fund, the Net Assets Value (NAV) of the Fund would have been higher by Re. 0.3243 (0.65%) per unit as at June 30, 2016. (2015: Re. 0.3992 (0.8%) per unit).

#### 10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2016 and June 30, 2015.

	Note	2016	2015
----- (Rupees in '000) -----			
<b>11. REMUNERATION OF THE MANAGEMENT COMPANY (inclusive of federal excise duty and sales tax)</b>			
Management fee	11.1	796	1,670
Federal excise duty on management fee	7.1	127	267
Sindh sales tax on management fee	11.2	129	291
		<b>1,052</b>	<b>2,228</b>

- 11.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), the Management Company of the Fund with respect to the Fund's classification is entitled to a remuneration of an amount not exceeding 1 percent of average annual net assets of the Fund, or may charge performance based, fixed fee or combination of both which shall not exceed the limit prescribed in the Regulations as above. In the current year, the Management Company has charged management fee at the rate of 0.4 percent per annum, of the average annual net assets of the Fund.
- 11.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the fee of Management Company through the Sindh Sales Tax on Services Act, 2011.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>12. REMUNERATION OF THE TRUSTEE (inclusive of sales tax)</b>			
Trustee fee	12.1	298	626
Sindh sales tax on trustee fee	12.2	42	-
		<b>340</b>	<b>626</b>

- 12.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. In the current year, the Management Company has charged trustee fee at the rate of 0.15 percent per annum, of the average annual net assets of the Fund.
- 12.2** The Sindh Revenue Board through circular no. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 14% is applicable on trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill 2010 (amended upto 2015).
- 13.** Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund.

	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>14. AUDITORS' REMUNERATION</b>		
Annual statutory audit fee	125	125
Half yearly review fee	35	35
Fee for review of statement of compliance with the Code of Corporate Governance	25	25
Out of pocket expenses and other taxes	36	34
	<b>221</b>	<b>219</b>

- 15.** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), the Management Company of the Fund is entitled to receive fees and expenses related to registrar services, accounting, operation and valuation services related to the Fund maximum up to 0.1% per annum, of the average annual net assets of the Fund or actual, whichever is less. The Management Company has been charging the said fees and expenses at the rate of 0.1% per annum, of the average annual net assets of the Fund, since January 22, 2016, which is less than their actual expense.

**16. TAXATION**

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains (whether realized or unrealized) to the unit holders. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements.

**17. TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include AKD Investment Management Limited being the Management Company of the Fund, Central Depository Company of Pakistan Limited being the Trustee of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, other collective schemes managed by the Management Company, AKD Investment Management Limited - Staff Provident Fund, directors and officers of the Management Company, Unit holder's holding more than 10% of the units outstanding and entities having common directorship with the Management Company. The transactions with connected persons are in the normal course of business at agreed rates.

Remuneration payable to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

Details of transactions and balances with connected persons are as follows:

	2016	2015
17.1 Transactions during the year	----- (Rupees in '000) -----	
<b>AKD Investment Management Limited - Management Company</b>		
Purchase of units 815,602 (2015: 3,056,680)	41,650	161,200
Redemption of units 815,602 (2015: 3,427,501)	42,167	180,518
Management fee	796	1,670
Federal excise duty on management fee	127	267
Sindh sales tax on management fee	129	291
Allocated expenses	90	-
Reimbursement of preliminary expenses and floatation costs	225	225
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	298	626
Sindh sales tax on trustee fee	42	-
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Purchase of units 376,480 (2015: 109,841)	19,317	5,660
Redemption of units 376,480 (2015: 132,842)	19,360	6,849
<b>AKD Aggressive Income Fund</b>		
Purchase of market treasury bills having face value Rs. 89 million (2015 : Nil)	88,808	-
<b>AKD Securities Limited</b>		
Purchase of units 1,949,128 (2015: Nil)	100,000	-
Redemption of units 1,949,128 (2015: Nil)	100,400	-

	2016	2015
	----- (Rupees in '000) -----	
<b>Directors of the Management Company</b>		
Saad Iqbal*		
Purchase of units 99,092 (2015: Nil)	5,000	-
Redemption of units 99,092 (2015: Nil)	5,110	-
<b>Key management personnel</b>		
Spouse - Chief Executive Officer		
Purchase of units 1,029,643 (2015: Nil)	52,052	-
Redemption of units 1,029,643 (2015: Nil)	52,118	-
<b>Unit holders holding 10% or more of the units in issue</b>		
<b>Attock Cement Pakistan Limited</b>		
Purchase of units 4,000,348 (2015: 1,900,143)	200,408	102,252
Redemption of units 997,369 (2015: 2,899,568)	50,419	152,895
<b>National Bank of Pakistan</b>		
Purchase of units 1,023,414 (2015: 67,866)	52,640	3,398
Redemption of units Nil (2015: 867,405)	-	43,468
Dividend Rs. 2.72 per unit (2015: Rs. 4.25 per unit)	2,640	3,398
<b>Summit Bank Limited</b>		
Dividend Rs. 2.72 per unit (2015: Rs. 4.25 per unit)	1,656	2,587
* Mr. Saad Iqbal resigned on January 5, 2016.		
<b>17.2 Amounts outstanding as at the year end</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Management fee payable	71	105
Federal excise duty payable on management fee	669	541
Sales tax payable on management fee	11	18
Allocated expenses from Management Company payable	18	-
Preliminary expenses and floatation costs	350	575
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	26	39
Sindh sales tax payable on trustee fee	4	-
<b>AKD Aggressive Income Fund</b>		
Payable on conversion of units	26,379	-
<b>AKD Opportunity Fund</b>		
Payable on conversion of units	6,999	-
<b>Unit holders holding 10% or more of the units in issue</b>		
<b>Attock Cement Pakistan Limited</b>		
Units held 3,002,979 (2015: Nil)	150,534	-
<b>National Bank of Pakistan</b>		
Units held 1,023,414 (2015: Nil)	51,302	-
<b>Summit Bank Limited</b>		
Units held 608,791 (2015: 608,791)	30,518	30,508

**18. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER**

18.1 Details of members of the investment committee of the Fund are as follows:

	<b>Designation</b>	<b>Qualification</b>	<b>Experience in years</b>
1 Mr. Imran Motiwala	Chief Executive Officer of AKD Investment Management Limited and Golden Arrow Selected Stocks Fund Limited	BBA	22
2 Mr. Muhammad Yaqoob	Chief Operating Officer and Company Secretary	MBA	12
3 Ms. Anum Dhedhi	Chief Investment Officer AKD Investment Management Limited, Fund Manager of Golden Arrow Selected Stocks Fund Limited and AKD Opportunity Fund, and Director of Golden Arrow Selected Stocks Fund Limited	BSc	5
4 Mr. Nadeem Saulat Siddiqui	Head of Public Relationship of AKD Investment Management Limited and Director of AKD Investment Management Limited	MBA	23
5 Ms. Noureen Nadir Ali	Head of Internal Audit and Risk Management of AKD Investment Management Limited, and Audit Committee Secretary of AKD Investment Management Limited and Golden Arrow Selected Stocks Fund Limited	ACA	6
6 Ms. Laraib Mohib	Fund Manager of AKD Index Tracker Fund	BBA	2
7 Mr. Abdul Rehman	Fund Manager of AKD Cash Fund and AKD Aggressive Income Fund	BBA	1

**19. BROKER / DEALER BY PERCENTAGE OF COMMISSION PAID**

	<b>2016</b>	<b>2015</b>
	----- % -----	
Invest Capital Markets Limited	-	14
Arif Habib Limited	<b>100</b>	59
Invest & Finance Securities Limited	-	27

**20. PATTERN OF UNIT HOLDINGS**

	<b>As at June 30, 2016</b>		
	<b>Number of unit holders</b>	<b>Investment amount</b>	<b>Percentage of investment</b>
	----- (Rupees in '000) -----		<b>%</b>
Individuals	24	17,585	6.70
Banks and development financial institutions (DFIs)	2	81,820	31.15
Public limited companies	2	155,549	59.22
Retirement funds	2	7,693	2.93
	<b>30</b>	<b>262,647</b>	<b>100</b>

	As at June 30, 2015		
	Number of unit holders	Investment amount	Percentage of investment
	----- (Rupees in '000) -----		%
Individuals	29	21,792	10.22
Insurance companies	1	89,999	42.20
Banks and development financial institutions (DFIs)	2	49,233	23.09
Public limited companies	1	15,900	7.46
Retirement funds	4	26,497	12.42
Others	1	9,847	4.62
	<b>38</b>	<b>213,268</b>	<b>100.00</b>

## 21. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the year 64th, 65th, 66th and 67th board meetings were held on September 21, 2015, October 29, 2015, February 19, 2016 and April 28, 2016 respectively. Information in respect of attendance by Directors in these meetings is given below:

Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
Mr. Abdul Karim Memon	4	3	1	64th
Mr. Ahmed Abdul Sattar*	4	4		
Mr. Ali Wahab Siddiqui	4	4		
Mr. Hasan Ahmed	4	4		
Mr. Imran Motiwala	4	4		
Mr. Nadeem Saulat Siddiqui	4	4		
Mr. Saad Iqbal**	4	Nil	2	64th and 65th
Mr. Saim Mustafa Zuberi***	4	2		64th and 65th
Ms. Aysha Ahmed*	4	Nil		64th, 65th, 66th and 67th

\*Ms. Aysha Ahmed appointed on June 9, 2016 in place of Mr. Ahmed Abdul Sattar passed away on May 2, 2016.

\*\*Mr. Saad Iqbal appointed on August 17, 2015 in place of Mr. Ramzan Sheikh resigned on August 11, 2015.

\*\*\*Mr. Saim Mustafa Zuberi appointed on January 27, 2016 in place of Mr. Saad Iqbal resigned on January 5, 2016.

## 22. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of money market investments such as government securities, near cash and cash instruments which include cash in bank accounts (excluding TDR's), treasury bills, money market placements, deposits, certificate of deposits (COD), TDR's, commercial papers, reverse repo. these activities are exposed to a variety of financial risks : market risk, credit risk and liquidity risk. The Management Company is responsible for the management of these risks as enumerated below.

### 22.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

### 22.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

### 22.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### - Sensitivity analysis for fixed rate instruments

Presently, the Fund holds PKRV based interest bearing Market Treasury Bills exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / (decrease) in PKRV Rates, with all other variables held constant, the net assets and net income for the year of the Fund would have been higher / lower by Rs. 0.171 million (2015: Rs. 0.119 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association is expected to change over time. Further, in case of variable rate instruments, the sensitivity analysis has been done from the last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The Fund's market rate of return sensitivity related to financial assets and financial liabilities as at June 30, 2016 can be determined from the following:

As at June 30, 2016						
Effective rate of mark-up / return	Exposed to yield / Interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
%	----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	4.00 - 5.75	15,462	-	-	10	15,472
Investments	5.82 - 6.21	282,990	-	-	-	282,990
Profit receivable on bank deposits		-	-	-	229	229
Receivable on conversion of units		-	-	-	907	907
		298,452	-	-	1,146	299,598
<b>Financial Liabilities</b>						
Payable to AKD Investment Management Limited - Management Company		-	-	-	1,119	1,119
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	30	30
Accrued expenses and other liabilities		-	-	-	2,382	2,382
Payable on redemption of units		-	-	-	33,396	33,396
		-	-	-	36,927	36,927
<b>On-balance sheet gap</b>		298,452	-	-	(35,781)	262,671
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-	-
		298,452	-	-	(35,781)	262,671

As at June 30, 2015

Effective rate of mark-up / return	Exposed to yield / Interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
%	----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	4.50 - 6.00	109,823	-	-	10	109,833
Investments	6.62 - 7.92	174,165	-	-	-	174,165
Profit receivable on bank deposits		-	-	-	124	124
Receivable on conversion of units		-	-	-	-	-
		283,988	-	-	134	284,122
<b>Financial Liabilities</b>						
Payable to AKD Investment Management Limited - Management Company		-	-	-	1,239	1,239
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	39	39
Accrued expenses and other liabilities		-	-	-	3,069	3,069
Payable on redemption of units		-	-	-	66,613	66,613
		-	-	-	70,960	70,960
<b>On-balance sheet gap</b>		283,988	-	-	(70,826)	213,162
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-	-
		283,988	-	-	(70,826)	213,162

### 22.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to equity securities price risk as the Fund does not hold any equity securities.

## 22.2 Credit risk

### 22.2.1 Credit risk management

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to profit receivables and balances with banks. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in less risky securities that have been rated maturity of 90 days or less.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2016 and June 30, 2015 is the carrying amounts of following financial assets.

	2016	2015
	----- (Rupees in '000) -----	
Bank balances	<b>15,472</b>	109,833
Profit and other receivables	<b>229</b>	124
	<b>15,701</b>	109,957

The analysis below summarizes the credit quality of the Fund's investments in bank balances as at June 30, 2016 and June 30, 2015:

Bank balances by rating category	Rating Agency		
A1+	PACRA	15,472	109,806
A-1+	JCR-VIS	-	27

The investment of the fund are in government securities i.e. treasury bills which have sovereign guarantee, and as such, there is no credit risk. The maximum exposure to credit risk is the carrying amount of the financial assets.

### 22.2.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments currently comprises of government securities which have sovereign guarantee. However, the management has a plan to diversify its investments in future with diverse credit-worthy counterparties.

### 22.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realizable.

The Fund has the ability to borrow in the short term to ensure settlement. During the current year, the Fund did not avail borrowing. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Funds. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

**22.3.1** The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the obligation maturity date. The amounts in the table are the undiscounted cash flows.

	As at June 30, 2016			
	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees in '000) -----				
<b>Liabilities</b>				
Payable to AKD Investment Management Limited - Management Company	82	243	125	450
Payable to Central Depository Company of Pakistan Limited -Trustee	30	-	-	30
Accrued expenses and other liabilities	683	-	-	683
Payable on redemption of units	33,396	-	-	33,396
	34,191	243	125	34,559

	As at June 30, 2015			Total
	Upto three months	More than three months and upto one year	More than one year	
<b>Liabilities</b>	----- (Rupees in '000) -----			
Payable to AKD Investment Management Limited - Management Company	123	225	350	698
Payable to Central Depository Company of Pakistan Limited -Trustee	39	-	-	39
Accrued expenses and other liabilities	1,370	-	-	1,370
Payable on redemption of units	66,613	-	-	66,613
	<u>68,145</u>	<u>225</u>	<u>350</u>	<u>68,720</u>

**22.4 Financial instruments by category**

	As at June 30, 2016		
	Loans and receivables	Assets at fair value through profit and loss	Total
<b>Assets</b>	----- (Rupees in '000) -----		
Bank balances	15,472	-	15,472
Investments	-	282,990	282,990
Profit receivable on bank deposits	229	-	229
Receivable on conversion of units	907	-	907
	<u>16,608</u>	<u>282,990</u>	<u>299,598</u>
<b>Liabilities</b>	----- (Rupees in '000) -----		
Payable to AKD Investment Management Limited - Management Company	1,119	-	1,119
Payable to Central Depository Company of Pakistan Limited -Trustee	30	-	30
Accrued expenses and other liabilities including redemption payable	34,079	-	34,079
	<u>35,228</u>	<u>-</u>	<u>35,228</u>

	As at June 30, 2015		
	Loans and receivables	Assets at fair value through profit and loss	Total
<b>Assets</b>	----- (Rupees in '000) -----		
Bank balances	109,833	-	109,833
Investments	-	174,165	174,165
Profit receivable on bank deposits	124	-	124
Receivable on conversion of units	-	-	-
	<u>109,957</u>	<u>174,165</u>	<u>284,122</u>
<b>Liabilities</b>	Other financial liabilities	Liabilities at fair value through profit and loss	Total
	----- (Rupees in '000) -----		
Payable to AKD Investment Management Limited - Management Company	1,239	-	1,239
Payable to Central Depository Company of Pakistan Limited -Trustee	39	-	39
Accrued expenses and other liabilities including redemption payable	67,983	-	67,983
	<u>69,261</u>	<u>-</u>	<u>69,261</u>

## 22.5 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the close of trading on the year end date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

IFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments of the Fund carried at fair value are categorized as follows:

	<b>As at June 30, 2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Investment in securities - at fair value through profit or loss	-	282,990	-	-
	<b>As at June 30, 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Investment in securities - at fair value through profit or loss	-	174,165	-	-

### 23. UNIT HOLDERS FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. They are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' funds.

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong capital base to meet unexpected losses or opportunities. In accordance with the NBFC Regulations the Fund is required to distribute at least ninety percent of its income from sources other than capital gains as reduced by such expenses as are chargeable to the Fund.

In accordance with the risk management policies stated in note 22, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments or short-term borrowings where necessary.

### 24. CORRESPONDING FIGURES

No significant rearrangements or reclassifications were made in these financial statements which have any impact on profit and loss account.

### 25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2016 by the Board of Directors of the Management Company.

### 26. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

\_\_\_\_\_  
**Imran Motiwala**  
Chief Executive Officer

\_\_\_\_\_  
**Nadeem Saulat Siddiqui**  
Director

## PERFORMANCE TABLE

	2016	2015	2014	2013	2012
Total net assets value (Rs '000)*	262,647	213,268	511,036	498,046	102,467
Net assets value per unit - (Rs)*	50.1283	50.1119	50.0667	50.0000	50.0000
Selling price as at June 30 (Rs)	50.1283	50.1119	50.0667	50.3779	50.4929
Repurchase price as at June 30 (Rs)*	50.1283	50.1119	50.0667	50.0000	50.0000
Highest selling price (Rs)	52.7911	54.3202	50.4605	50.7088	50.6077
Lowest selling price (Rs)	50.0861	50.0788	50.0288	50.0410	50.0000
Highest repurchase price (Rs)	52.7911	54.3202	50.4605	50.7088	50.6077
Lowest repurchase price (Rs)	50.0861	50.0788	50.0288	50.0410	50.0000
<b>Return of the Fund</b>					
- capital growth (Rs '000)	49,379	(297,768)	12,990	395,579	4,412
- income distribution (Rs '000)*	5,441	13,780	40,655	23,513	4,412
<b>Distribution per unit</b>					
Interim					
- Gross (2016: Announced on June 22, 2016) (Rs)	2.7200	4.2500	4.1516	4.2148	1.7833
- Gross (2015: Announced on June 26, 2015) (Rs)					
- Gross (2014: Announced on June 26, 2014) (Rs)***					
<b>Final</b>					
- Gross (2013: Announced on July 8, 2013, 2012: Announced on July 9, 2012) (Rs)	-	-	-	0.3779	0.4929
<b>Average Annual Return</b>					
- Last one year	5.45	8.59	8.77	9.58	10.49 **
- Last two years	6.84	8.68	9.17	-	-
- Last three years	7.43	8.97	-	-	-
- Last Four years	7.92	-	-	-	-
Weighted Average Portfolio Duration	24	21	35	45	55

\* Final distributions for the period made subsequent to the year end have been adjusted against the closing NAVs.

\*\* Annualized Return for the first year operation commencing from 20th January 2012.

\*\*\* Interim Distribution has been made as per Clause 11 of the Fund's Trust Deed

Note: The portfolio composition of the fund has been disclosed in note 5 to the financial statements.

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

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