

Funds Managed by:
AKD Investment Management Ltd.

2015



annual report



**Partner
with AKD
Profit from the
Experience**



**AKD Investment
Management Ltd.**

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CORPORATE INFORMATION

Abdul Karim Memon
Chairman



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. Ahmed Abdul Sattar
Mr. Saad Iqbal*
Mr. Nadeem Saulat Siddiqui

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT 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. Ahmed Abdul Sattar (Member)
Mr. Hasan Ahmed (Member)
Ms. Noureen Nadir Ali (Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR & R)

Mr. Abdul Karim Memon (Chairman)
Mr. Imran Motiwala (Member)
Mr. Ahmed Abdul Sattar (Member)

RATING

AKD Investment Management Ltd. (AMC)
AM3 (AM Three) issued by PACRA
AM3 (AM Three) issued by JCR-VIS

*Appointed in place of Mr. M. Ramzan Sheikh who resigned on August 11, 2015.

Imran Motiwala
Chief Executive Officer



Hasan Ahmed
Director



Saad Iqbal
Director



Ali Wahab Siddiqui
Director



**Ahmed Abdul
Sattar**
Director



**Nadeem
Saulat Siddiqui**
Director



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 21 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 JPMorgan 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 In charge 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 Limited. She has previously worked as an Economist at AKD Securities 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. She holds a BSc in Financial Economics Degree from the City University Of London, United Kingdom.

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 Sixteen 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

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 19 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.

Carrow Michael - Head of Risk Management

Mr. Carrow Michael started his career with AKD Investment Management Limited in 2006 as an Operations Officer and since then he has served in different positions in Operations Department within the Company. He is currently serving as Head of Risk Management and is also a member of Investment Committee. Mr. Michael holds a Masters 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.

Report of the Directors of the Management Company

The Board of Directors of AKD Investment Management Limited, 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 the Annual Report along with the Funds' audited financial statements for the year ended June 30, 2015.

FUNDS' FINANCIAL PERFORMANCE AND ANNOUNCEMENTS

AKD OPPORTUNITY FUND (AKDOF)

For the FY15, the return of AKD Opportunity Fund stood at 33.36% compared to the benchmark KSE-100 Index's return of 16.01%, thus outperforming the benchmark by 17.35%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs 1.25 per unit to the Unit Holders during the year ended June 30, 2015.

AKD INDEX TRACKER FUND (AKDITF)

For the FY15, the return of AKD Index Tracker Fund stood at 13.20% compared to the benchmark KSE-100 Index's return of 16.01%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Re 0.75 per unit to the Unit Holders during the year ended June 30, 2015.

AKD CASH FUND (AKDCF)

For the FY15, the return of AKD Cash Fund stood at 8.59% compared to benchmark return of 7.86%, thus outperforming the benchmark by 0.73%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs 4.25 per unit to the Unit Holders during the year ended June 30, 2015.

AKD AGGRESSIVE INCOME FUND (AKDAIF)

For the FY15, the return of AKD Aggressive Income Fund stood at 15.51% compared to the benchmark return of 9.25%, thus outperforming the benchmark by 6.26%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs 4.50 per unit to the Unit Holders during the year ended June 30, 2015.

MACRO PERSPECTIVE

The economy of Pakistan entered into a transitional phase with the start of the fiscal year 2015. The CPI inflation declined throughout the fiscal year due to a sharp drop in international and domestic oil and commodity prices. The average CPI inflation for FY15 settled at 4.53%, significantly lower than average CPI of 8.62% during FY14. In addition to this, narrowing of the fiscal deficit, improvements in the external account and successful continuation of Extended Fund Facility (EFF) helped improve market sentiments. The stability in macroeconomic indicators led the State Bank of Pakistan (SBP) to continue with its accommodative monetary policy stance and resultantly slashed the policy rate by a cumulative 300 bps in FY15. These developments also led to an upgrade of Pakistan's sovereign ratings by two international rating agencies in the preceding period. Thus, this solidity of macroeconomic indicators should reflect a positive impact on the real economic activity.

While GDP growth rate of 4.2% in FY15 was slightly higher than that of 4.14% in FY14, it remained lower than the target set by the Government of Pakistan. In particular, industrial sector missed the target due to lower growth in Large-Scale Manufacturing (LSM) and electricity generation; however, the activities in construction and mining and quarrying remained buoyant. Noticeable increase in growth, as in the previous few years, came in the services sector. Despite sound improvements in the overall economy,

Net Foreign Direct Investment (FDI) declined to 0.3% of GDP in FY15, which suggest that more work needs to be done in the coming years to attract investments, while particularly addressing law & order situation. In FY15, the construction and real estate sectors showed promising prospects as indicated by their continued credit uptake and number of development projects. Despite that, the overall private sector credit off-take remained lackluster as it increased by Rs. 208.7 billion during FY15 as compared to Rs. 371.4 billion. On the other hand, exports also contracted by 3.7% in FY15 due to structural bottlenecks, sluggish global demand, and lower commodity prices. However, the impact of monetary easing is likely to positively affect the credit growth in the upcoming credit cycle in the first half of FY16 and beyond.

The balance of payments position continued to improve in the second half of FY15. Reduction in external current account deficit due to decline in import bill and steady growth in workers' remittances were the key factors behind the improved external position. Successful completion of reviews under EFF program, issuance of international Sukuk and disbursement of program related funding continue to support reserves building besides instilling stability in the foreign exchange market. That being said, the liquid foreign exchange reserves rose from \$14.414 billion to \$18.706 billion during FY15. Going forward, the foreign exchange reserves would further strengthen due to the issuance of Eurobond, inflows from international financial institutions and privatization program. Therefore, net SBP reserves are projected to increase slightly above 4 months of imports by end-June 2016.

Going forward, the expected higher consumption in low interest-rate environment, planned increase in development spending, and budgetary incentives for construction sector could provide some thrust to growth. Moreover, implementation of infrastructure projects planned under the China-Pakistan Economic Corridor (CPEC) and addressing structural issues especially related to energy and security would create favorable investment environment which is necessary to sustain economic growth over the medium to long term.

EQUITY MARKET

After posting a hefty average return of 46.5% during the previous two fiscal years, the bullish momentum of Karachi stock market slowed down during FY 15 with KSE-100 Index posting a return of 16.01% and USD adjusted return of 14.98%, Index finally closing at 34,398.9 points level. During the FY15, market touched a peak of 35,055.94 points in February 2015 led by a surprise 100 basis points cut in the discount rate in January 2015. On the contrary, the KSE-100 Index touched a low of 27,774.4 points in August 2014 as political turmoil hammered the investors' confidence. Average trading volume and value stood at 215.9 million shares and US\$107.6 million, respectively, highest over the past six years.

The slowdown of KSE-100 Index can be attributed to 44% decline in the international oil prices which consequently hampered the return of heavy weights oil and gas sector which is down by 8.4%. Likewise, the regulatory overhand and one-time super tax were negative factors for the banking sector. Some sectors with impressive returns include software and computer services with 38% return, support services sector gaining 30.8%, Multi-utilities sector moved up 26% and electronics and electrical goods showing an increase of 20.1% during FY15. While the bullish momentum prevailed, the government of Pakistan successfully offloaded its stake in Pakistan Petroleum Limited, Allied Bank Limited and Habib Bank Limited to generate massive cash. However, Government suspended the secondary offering of Oil & Gas Development Company Limited due to depressed international oil prices.

A total of six IPOs took place during FY15, all of which witnessed major general public participation and were significantly oversubscribed. Companies making a fortune as a result of the IPO fever included Engro Powergen Qadirpur Ltd., Saif Power Ltd., Systems Ltd., Synthetic Products Enterprises Ltd., Mughal Iron & Steel Industries Ltd. and Dolmen City REIT.

SECTORS

BANKS: During FY15, spreads averaged 5.81%, down 35bps compared to 6.16% in FY14; the squeeze is due to the monetary easing carried out by SBP. The spreads though did not suffer as much because of the decline in deposit rates by banks as well as the linking of MDR on saving accounts to interest rate corridor by SBP which immediately reduces rate offered on fixed accounts. The banks continued to have cleaner books with low infection ratio as they continued to rely on PIBs for lending mostly while slightly increasing consumer and commercial lending to earn better spreads.

OIL AND GAS: Although the sector had a forgettable year with WTI Crude price tumbling from a stable \$106.6 per barrel to \$59.48 per barrel a 44% decline with outlook being still very negative. The price

decline is mainly associated with Saudi Arabia waging price war against Shale explorers to save its market share. The OPEC giant is continuously giving hints of a further decline in prices and stabilizing at a range of \$25-\$30 per barrel. However, this did not have as bad an impact on the earnings of Pakistani oil and gas companies as they are aggressively adding to their fields by exploration activities as well as majority of the revenues are hedged as a lot of gas wellhead prices are capped.

CEMENT: The cement industry in FY15 remained in the spotlight on the back of high PSDP allocation in the FY15 budget amidst moves towards expansions. Major positivity for the cement space in recent times included: 1) weakening coal prices on the back of bleak demand and alternative fuel getting cheaper, 2) robust local dispatches overshadowing the fall witnessed in exporting dispatches, 3) local and export cement prices remaining stable, and 4) continuous DR cuts that further skimmed the borrowing costs of the sector. In coming days, we believe the sector is expected to remain in limelight backed by the positive outlook. Capacity expansion announcement by Cherat Cement Company Limited, D.G. Khan Cement Company Limited and Attock Cement Pakistan Limited is not expected to initiate any price war because players are more interested in maintaining margins rather than undercutting each other.

TEXTILES: With the global yarn prices at record low levels after China continued its dumping of stock in the market, the textile sector underperformed by dropping 6% during FY15. The textile manufacturers, relying mostly on foreign buyers for its product, faced reduced demand while the situation was exacerbated by the gas and electricity load shedding for the industry.

ELECTRICITY: The sector witnessed a change in fortune as the oil slide past all supports providing added benefit to the less efficient power producers. Moreover, the PKR to USD parity was also stable leading the power producers to end the year with an outstanding return of 63%. The healthy dividend yield also played a major role in making the sector more attractive to the investors who demanded defensive stocks in times of volatility and uncertainty.

FERTILIZER: The fertilizer sector also outperformed the market posting a tremendous return of 41%. This was based on Engro's gas allocation of \$0.7/mmbtu to its new plant as well as better urea off-take figures for all the urea manufacturers. The overall profitability of the companies also jumped as the manufacturers enjoyed good margins and decreasing financial charges leading to magnified bottom-line.

MONEY MARKET

During FY15, the Government conducted 26 Market Treasury Bill (T-Bills) auctions. The government managed to realize a total amount of Rs. 3,537 billion with cut-off yields averaging to 8.82%, 8.76% and 8.63% for 3-month, 6-month and 12-month tenure, respectively. Furthermore, the government carried out a total of 13 Pakistan Investment Bonds (PIB) auctions during the year and managed to raise Rs. 1,006 billion. The 3-year, 5-year and 10-year cut-off yields averaged at 9.92%, 10.44% and 11.09%, respectively. On the policy front, the discount rate was reduced by 300 basis points during the fiscal year. Despite an environment of low yields in the money market along with low inflation, the market exhibited considerable interest in the auctions.

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 Fund's 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 the Audit Committee meetings is as under:

Name of Directors	Meeting attended	27-Sep 2014	29-Oct 2014	23-Dec 2014	24-Feb 2015	29-April 2015
Mr. Abdul Karim Memon	4	x	✓	✓	✓	✓
Mr. Imran Motiwala	5	✓	✓	✓	✓	✓
Mr. Nadeem Saulat Siddiqui	3	x	✓	x	✓	✓
Mr. Ali Wahab Siddiqui	5	✓	✓	✓	✓	✓
Mr. M. Ramzan Sheikh	0	x	x	x	x	x
Mr. Ahmed Abdul Sattar	5	✓	✓	✓	✓	✓
Mr. Hasan Ahmed	4	✓	x	✓	✓	✓
		4	5	5	6	6

Name of Members	Meeting attended	27-Sep 2014	28-Oct 2014	23-Dec 2014	23-Feb 2015	29-April 2015
Mr. Ali Wahab Siddiqui	5	✓	✓	✓	✓	✓
Mr. Hasan Ahmed	5	✓	✓	✓	✓	✓
Mr. M. Ramzan Sheih	0	x	x	x	x	x
		2	2	2	2	2

- (J) There have been no trades in the units of the Funds carried out by the Directors, CEO, CFO, 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)
AKD Opportunity Fund				
1.	Ms. Sehr Imran Motiwala	Spouse- CEO	146,896	-

RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Ltd. (PACRA) has assigned asset manager rating of 'AM3' (AM Three) to AKD Investment Management Limited (AKDIML) on June 16, 2015.

RATING OF THE FUNDS

AKD OPPORTUNITY FUND

The Pakistan Credit Rating Agency Ltd. (PACRA) has assigned 5-STAR ranking in long term and 4-STAR ranking in short term star ranking to AKD Opportunity Fund (AKDOF) based on performance review for the period ended June 30, 2015 (trailing 12 months for 1 Year ranking, trailing 36 month for 3 Years ranking and trailing 60 months for 5 Years ranking) on August 13, 2015.

AKD CASH FUND

JCR-VIS Credit Rating Company Limited has reaffirmed the Fund Stability Rating (FSR) of AKD Cash Fund (AKDCF) at 'AA+(f)' (Double A Plus(f)) on September 26, 2014.

AKD AGGRESSIVE INCOME FUND

JCR-VIS Credit Rating Company Limited has reaffirmed the Fund Stability Rating (FSR) of AKD Aggressive Income Fund (AKDAIF) at 'BBB (f)' (Triple B(f)) on September 26, 2014.

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 KPMG Taseer Hadi & Co., Chartered Accountants are retiring and have completed their five years as auditor of AKD Index Tracker Fund and AKD Opportunity Fund. As per the requirements of the Code of Corporate Governance the auditors have to be changed this year. The Board has proposed the appointment of M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants for the year 2015-2016 on the recommendation of audit committee.

The Board re-appointed M/s Deloitte Yousuf Adil, Chartered Accountants as the statutory auditor for AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF) for the year 2015-2016 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 2015-2016 as recommended by the audit committee.

FUTURE OUTLOOK

The economic outlook of Pakistan has improved significantly in the recent past. The CPI inflation has declined to a historical low of 4.5% and cumulative discount rate cut of 300bps has further enhanced the economic activity. The total liquid foreign exchange reserves now stand at USD 18,714.6 million as compared to USD 14,141.1 million for FY14. Resultantly, Moody's and Standard & Poor's, two formidable credit rating agencies, have upgraded the credit rating of Pakistan. Moreover, MSCI's decision to potentially review Pakistan for reclassification into Emerging Markets is another reflection of strengthening economic dynamics. Going forward, the availability of cheap credit coupled with low inflation would further boost economic activity. Being a net importer, the significantly low oil and commodity prices would help reduction in current account deficit, which will support GDP growth. The China-Pakistan Economic Corridor is also expected to accelerate significant growth by boosting investment in transportation, infrastructure and addressing the energy crisis.

The capital market of Pakistan is fueled for another stellar performance during FY16 where we expect KSE-100 Index to witness a strong positive return trajectory primarily due to further improvement in macroeconomic indicators, continued strengthening of external payments position, sustained progress in structural and energy reforms, low inflation, cheap credit and growing corporate profitability with attractive equity market valuations.

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 Stock Exchange for their support to the Mutual Fund Industry as a whole and our Trustee Central Depository Company of Pakistan Limited for their cooperation. 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 unit holders for their confidence in the Funds and their continued support and guidance.

For and on behalf of the Board

Karachi: September 21, 2015

Imran Motiwala
Chief Executive Officer

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AKD Opportunity Fund



MANAGEMENT COMPANY

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

TRUSTEE

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

BANKERS

Bank Alfalah Limited
BankIslami Pakistan Limited
Habib Metropolitan Bank Limited
Summit Bank Limited

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road, Karachi.

LEGAL ADVISER

Sattar & Sattar
Attorneys - at - law
3rd Floor, UBL Building,
I.I. Chundrigar Road,
Karachi

REGISTRAR

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

DISTRIBUTORS

AKD Investment Management Limited
BMA Capital Management Limited
IGI Investment Bank Limited
Foundation Securities (Private) Limited
First Street Capital (Private) Limited

RATING - AKDOF

BY PACRA
Performance Ranking

Long-term	Short-term
5-Star	4-Star

FUND MANAGER'S REPORT

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

Open - end Equity Scheme

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

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

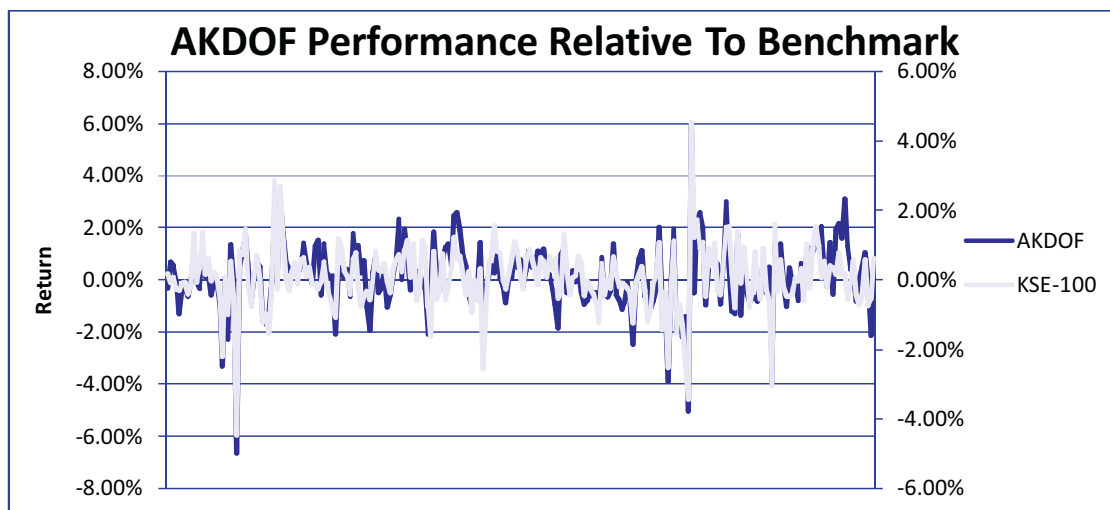
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the year ended June 30, 2015, the return of AKD Opportunity Fund stood at 33.36% compared to the benchmark KSE-100 Index's return of 16.01%, thus significantly outperforming the benchmark by 17.35%.

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

KSE-100 Index

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



Monthly Yield	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
AKDOF	-1.36%	-8.63%	12.47%	1.81%	7.71%	7.57%	6.39%	-7.64%	-10.95%	7.45%	-0.08%	18.76%
Benchmark	2.23%	-5.76%	4.06%	2.19%	2.70%	2.99%	7.20%	-2.36%	-10.10%	11.56%	-2.00%	4.06%

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

AKD Opportunity Fund is an open - end equity scheme; the return of the Fund is generated through investment in value stocks which have strong growth potential. AKDOF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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

Asset Allocation (% of Total Assets)	30-June-15	31-Mar-15
Equities	95.01%	99.05%
Cash	2.76%	0.50%
Other Assets	2.23%	0.45%
T-Bills	Nil	Nil

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

FY 15 Return	33.36%
Benchmark Return	16.01%

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

Net Asset Value		Change in Net Assets	NAV Per Unit	
30-June-15	31-Mar-15		30-June-15	31-Mar-15
(Rupees In "000")			Rs.	Rs.
1,161,061	941,545	23.31%	72.0242	57.4705

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

Economy

The outgoing fiscal year brought considerable improvements in several macroeconomic indicators of Pakistan. The average CPI inflation for FY15 clocked in 4.53% as compared to an average of 8.62% in FY14. With the start of FY15, the sharp decline in international and domestic oil prices triggered a steep fall in commodity prices, and inflation followed the trend throughout the year.

During FY15, the State Bank of Pakistan (SBP) triggered monetary easing by slashing the discount rate by a cumulative of 300 basis points. Despite low interest rate environment, the private sector credit off-take increased by just Rs. 208.7 billion during FY15 as compared to Rs. 371.4 billion in FY14. The major hurdles in the private sector credit off-take were the structural bottlenecks and low commodity prices. At the start of FY15, the political turmoil hammered the foreign investors' confidence. Resultantly, Net Foreign Direct Investment (FDI) declined to 0.3% of GDP in FY15 against 0.6% in FY14, alluding to the importance of initiatives to establish higher investor confidence. On the other hand, the exports contracted by 4.88% in FY15 due to intense competition in international markets, sluggish global demand, and low international commodity prices.

Despite missing the target, the improved tax revenue collection coupled with healthy foreign remittance helped narrow down the fiscal deficit. In addition to that, the privatization proceeds and multi-billion foreign inflows from international financial institutions pushed the foreign exchange reserves to USD 18.706 billion by FY15.

While incorporating several macroeconomic improvements including fiscal consolidation, historical low inflation level, significant monetary easing and healthy economic outlook, two international credit rating agencies upgraded the sovereign rating of Pakistan. Moody's International upgraded ratings from 'Caa1' to one notch higher 'B3' in May 2015. On the international front, the demand and supply correlation suggests that the weak outlook of oil and commodity prices is likely to prevail in the near to mid-term. Pakistan, being a net importer, will witness further economic improvements and fiscal consolidation during FY16 along with providing impetus to GDP growth.

Equity Market Performance

During FY15, the KSE-100 Index posted a return of 16.01%, and 14.98% in terms of USD, which is lower than the previous two-year average return of 46.5%. Despite significant economic developments, the lackluster performance of the heavy weight oil and gas sector restricted the Index to repeat the five-year historical trend to post robust gains. The performance of banking sector was also under check as State Bank of Pakistan (SBP) adapted the monetary easing strategy. Contrary to that, the low interest rate environment and low oil prices provided support to the other sectors including Cement, Automobile, Fertilizers and Power.

The surprise discount rate cut of 100 basis points in January's Monetary Policy triggered a bullish momentum. While touching the highest level of 35,055.94 points in February 2015, the KSE-100 Index closed at 34,398.9 points by the end of FY15. Prior to that, the political temperature dragged the KSE-100 Index to a low level of 27,774.4 points in August 2014. For FY15, the average trading volume and value stood at 215.9 million shares and USD 107.6 million, respectively. These are the highest numbers over the last six years.

During FY15, the government successfully divested its stake in Allied Bank Pakistan and Habib Bank Limited to generate healthy revenues. With the sharp decline in international oil prices, the government canceled the secondary offering of Oil and Gas Development Company Limited (OGDC) due to lack of investors interest in oil and gas sector.

The FY15 was also a good year for Pakistan's capital market in terms of Initial Public Offers (IPOs). The investors actively participated in six IPOs and, as a result, each offering was significantly oversubscribed. Companies which made a fortune as a result of the IPO fever included Engro Powergen Qadirpur Ltd., Saif Power Ltd., Systems Ltd., Synthetic Products Enterprises Ltd., Mughal Iron & Steel Industries Ltd. and Dolmen City REIT.

Future Outlook

The strengthening of macroeconomic fundamentals, fiscal developments, and improved corporate earnings are likely to set the pace of Pakistan's capital market during FY16. However, the negative impact of a slowdown in global economies cannot be ruled out. Despite that, our capital market is fueled for another stellar performance where we expect KSE-100 Index to post a healthy return against the regional markets driven by the growing economy, sound external payments position, steady progress in structural and energy reforms, low inflation and cheaper credit. Corporate profitability with attractive equity market valuations should add to the market's attractiveness.

xi) Disclosure on Distribution:

- Particulars of the Income distribution or other forms of distribution made and proposed during the period
- Statement of effects on the NAV before and after distribution is made.

Interim Distribution

The Chief Executive under the authority granted by the Board of Directors of AKD Investment Management Limited (AKDIML) approved the following interim dividend payout during the year ended June 30, 2015:

Distribution		
Dividend	Cum NAV	Ex NAV
Rs. 1.25 per unit	73.4202	72.1702

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

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

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

There was no split during the period.

xiv) Break down of unit holding size:

Range (Units)	No. of Investors
0.1 - 9,999	382
10,000 - 49,999	74
50,000 - 99,999	23
100,000 - 499,999	23
500,000 and above	6
	508

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

Investments are primarily subject to liquidity and market risk.

xvi) 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, 2015

Particulars	Unit Holders	Unit Held	Percentage
Individuals	477	6,385,759	39.61%
Associated Company (NBFC)*	1	440,025	2.73%
Banks/DFIS	1	927,292	5.75%
Retirement Funds	26	6,263,303	38.86%
Others	3	2,104,064	13.05%
Total	508	16,120,443	100.00%

*Management Company

TRUSTEE REPORT TO THE UNIT HOLDERS

AKD OPPORTUNITY 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 Opportunity 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, 2015 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: October 15, 2015

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 the Rule Book of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

AKD Investment Management Limited (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 interest on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Directors	1. Mr. Saad Iqbal* 2. Mr. Hasan Ahmed 3. Mr. Ali Wahab Siddiqui
Executive Directors	1. Mr. Imran Motiwala- Chief Executive Officer 2. Mr. Nadeem Saulat Siddiqui
Non Executive Directors	1. Mr. Abdul Karim Memon - Chairman 2. Mr. Ahmed Abdul Sattar

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

** Approval from SECP received in respect of all directors in the month of August 2015.

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

- The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies, where applicable)
- All the resident Directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occurred on the Board of the Management Company.
- The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
- The Board has developed 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.
- 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 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. During the year three directors obtained certification under director's training program.
10. No new appointment of CFO and Company Secretary has been made during the year. However, the vacant position subsequent to the resignation of the Head of Internal Audit was filled in June 2015. The remuneration and terms and conditions of employment were approved by the Board.
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 the pattern of unit holding.
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 for the Management Company. It comprises of three members, all of whom are independent directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results and 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 the chairman.
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 company and industry best practices. They are involved in the Internal Audit function on a full time basis. The Head of Internal Audit department functionally reports to the Audit Committee.
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 also 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 the 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 21, 2015

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 the Management Company of **AKD Opportunity Fund** ("the Fund") for the year ended 30 June 2015 to comply with the requirements of listing regulations of Karachi Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. 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 Fund's compliance with the provisions of the Code of Corporate Governance 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 Fund personnel and review of various documents prepared by the Fund to comply with the Code.

As part of our audit of 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 Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Fund'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 of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price 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 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 Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2015.

Date: September 21, 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **AKD Opportunity Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2015, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in Unit Holders' Fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the 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 our 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, we consider 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 30 June 2015 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 the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: September 21, 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyr Pirani

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2015

	Note	2015 (Rupees in '000)	2014
Assets			
Bank balances	4	34,087	12,488
Investments	5	1,173,917	985,670
Receivable against sale of investment (subsequently cleared)		24,473	-
Dividend and profit receivables	6	437	181
Security deposits	7	2,600	2,600
Total Assets		1,235,514	1,000,939
Liabilities			
Remuneration payable to the Management Company	8	1,914	1,674
Remuneration payable to the Trustee	9	176	160
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	868	854
Payable against purchase of investments (subsequently paid)		23,809	-
Amount payable on redemption of units (subsequently paid)		13,080	177,095
Accrued expenses and other liabilities	11	10,823	4,334
Provision for Workers' Welfare Fund	12	23,772	17,743
Unclaimed dividend		11	11
Total Liabilities		74,453	201,871
Contingencies and Commitments	13		
Net Assets		1,161,061	799,068
Unit holders' fund (as per statement attached)		1,161,061	799,068
		(Number of Units)	
Number of units in issue	14	16,120,443	14,543,645
		(Rupees)	
Net assets value per unit (face value per unit Rs. 50/-)		72.02	54.94

The annexed notes from 1 to 21 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, 2015

	Note	2015 (Rupees in '000)	2014
Income			
Gain on sale of 'held for trading investments' - net		125,948	209,488
Dividend income from held for trading investments		16,964	30,500
Profit on:			
- bank balances		1,689	2,765
- investments in held for trading debt securities		40	54
Unrealised appreciation in the fair value of investments 'at fair value through profit or loss - held for trading' - net		164,513	131,496
		309,154	374,303
Expenses			
Remuneration to the Management Company	8	18,272	17,971
Remuneration to the Trustee	9	1,803	1,787
Annual fee to the Securities & Exchange Commission of Pakistan	10	868	854
Securities transaction cost		3,297	3,835
Bank charges		29	27
Auditors' remuneration	15	287	280
Other expenses	16	6,860	7,028
		31,416	31,782
Net income from operating activities		277,738	342,521
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net		23,703	(31,156)
Provision for Workers' Welfare Fund	12	(6,029)	(6,227)
Net income for the year before taxation		295,412	305,138
Taxation	17	-	-
Net income for the year after taxation		295,412	305,138

The annexed notes from 1 to 21 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 COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2015

	2015 (Rupees in '000)	2014
Net income for the year after taxation	295,412	305,138
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>295,412</u>	<u>305,138</u>

The annexed notes from 1 to 21 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, 2015

	2015	2014
	(Rupees in '000)	
(Deficit) / surplus at beginning of the year		
Represented by:		
- Realised loss	(174,595)	(70,398)
- Unrealised gain	171,756	108,530
	(2,839)	38,132
Distribution:		
Final distribution: bonus units issued for the year ended 30 June 2013 at the rate of Rs.13.5 per unit distributed on 08 July 2013 during the year ended 30 June 2014 (Final distribution during the year ended 30 June 2015: Nil)	-	(149,681)
Interim distribution during the year		
- Cash dividend for the year ended 30 June 2015 at the rate of Rs. 1.25 per unit distributed on 26 June 2015	(20,054)	-
- Bonus units issued for the year ended 30 June 2014 at the rate of Rs. 15 per unit distributed on 26 June 2014	-	(196,428)
	(20,054)	(346,109)
Net income for the year after taxation	295,412	305,138
Surplus / (deficit) at end of the year	272,519	(2,839)
Represented by:		
- Realised gain / (loss)	17,294	(174,595)
- Unrealised gain	255,225	171,756
	272,519	(2,839)

The annexed notes from 1 to 21 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, 2015

	2015	2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year after taxation	295,412	305,138
Adjustments for non cash items:		
Unrealised appreciation in the fair value of investments 'at fair value through profit or loss - held for trading' - net	(164,513)	(131,496)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(23,703)	31,156
	107,196	204,798
(Increase) / decrease in assets		
Investments	(23,734)	(188,465)
Receivable against sale of investment	(24,473)	3
Dividend and profit receivables	(256)	292
	(48,463)	(188,170)
Increase / (decrease) in liabilities		
Remuneration payable to the Management Company	240	532
Remuneration payable to the Trustee	16	48
Annual fee payable to the Securities and Exchange Commission of Pakistan	14	432
Payable against purchase of investments	23,809	(3,484)
Payable on redemption of units	(164,015)	164,634
Accrued expenses and other liabilities	6,489	2,983
Provision for Workers' Welfare Fund	6,029	6,227
	(127,418)	171,372
Net cash flows from operating activities	(68,685)	188,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	701,445	642,426
Cash paid on redemption of units	(591,107)	(855,632)
Distribution to unit holders' in cash	(20,054)	-
Net cash flows from financing activities	90,284	(213,206)
Net increase / (decrease) in cash and cash equivalents during the year	21,599	(25,206)
Cash and cash equivalents at beginning of the year	12,488	37,694
Cash and cash equivalents at end of the year	34,087	12,488

The annexed notes from 1 to 21 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, 2015

	2015 (Rupees in '000)	2014
Net assets at beginning of the year	799,068	675,980
Amount received on issue of 11,231,651 (2014: 17,437,518) units	701,445	642,426
Amount paid on redemption of 9,654,853 (2014: 13,981,323) units	(591,107)	(855,632)
	110,338	(213,206)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(23,703)	31,156
Interim distribution: cash dividend for the year ended 30 June 2015 at the rate of Rs. 1.25 per unit distributed on 26 June 2015	(20,054)	-
Total comprehensive income for the year (profit for the year)	295,412	305,138
Net assets at end of the year	1,161,061	799,068
	----- (Rupees) -----	
Ex-distribution net asset value per unit at the beginning of the year	54.94	47.47
Net asset value per unit as at the end of the year (face value per unit Rs. 50/-)	72.02	54.94

The annexed notes from 1 to 21 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 THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has obtained a license to act as an Asset Management Company under the NBFC Rules from SECP. Registered office of the Management Company is situated at Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

The Fund is an open end mutual fund and is listed on Karachi Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund.

The Fund is categorised as Equity Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall invest at least 70% of its net assets in listed equity securities and the remaining net assets shall be invested in cash or near cash instruments which include cash in bank accounts (excluding TDRs) and treasury bills not exceeding 90 days maturity.

The Pakistan Credit Rating Company 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 16 June 2015 and 10 April 2015 respectively.

On 13 August 2015, PACRA has assigned following rankings to the fund based on performance review for the period ended 30 June 2015 (trailing 12 months for 1 year ranking, trailing 36 months for 3 year ranking, and trailing 60 months for 5 year ranking).

1 year:	4 star (Good)
3 year:	5 star (Superior)
5 year:	5 star (Superior)

Similar rankings were assigned by PACRA on 21 November 2014.

2. BASIS OF PRESENTATION

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, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements

differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand rupees.

2.4 Use of judgments and estimates

In preparing these financial statements, management has made judgements and assumptions that affects the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- Note 3.1.2 - Classification of investments

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2016 is included in the following notes:

- Note 3.1.2 - Valuation of investments
- Note 3.12 and 3.14 - Impairment of financial instruments and other assets
- Note 12 - Recognition of provision for Workers' Welfare Fund
- Note 11.1 - Sindh Sales tax on Federal Excise Duty on Management Company's remuneration.
- Note 11.2 - Federal Excise Duty on Management Company's remuneration.
- Note 3.5 and 17 - Taxation
- Note 3.7 - Element of income / loss

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Fund's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Fund's financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Fund's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
 - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
 - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
 - IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.
 - The above improvements are not likely to have an impact on the financial statements of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies has been consistently applied to all the periods presented in the preparation of these financial statements and are set out below:

3.1 Investments

3.1.1 All investments are initially recorded at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the income statement.

3.1.2 The Fund classifies its investments in the following categories:

Financial asset at fair value through profit or loss

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the investments in listed equity instruments are remeasured at fair value determined with reference to Stock Exchange quoted market prices at the close of year end. Gains or losses on the sale of these investments or their remeasurement are recognized in the income statement.

3.1.3 Trade date accounting

All regular way of purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments.

3.2 Cash and cash equivalents

Cash and cash equivalent comprise of bank balances including term deposits with banks which have maturities of less than three months from the date of deposit.

3.3 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received. The offer price represents the net assets value of units at the end of the day plus the allowable sales load, if any. The sales load is payable to the Distribution Companies and the Management Company as processing fee.

Units redeemed are recorded at the redemption price prevalent on the day on which the units are redeemed. The redemption price represents the net assets value at the end of the day.

3.4 Net asset value per unit

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities of the Fund is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.5 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.6 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income on the date at which the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets held for trading are included in the income statement for the year in the period in which they arise.
- Dividend income is recognised in the income statement for the year when the right to receive the dividend is established. For quoted equity securities this is the ex-dividend date.
- Mark up on bank deposits and debt securities are recognised on a time proportionate basis at the implicit rate of return.

3.7 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income and capital gains included in prices of units sold less those in units redeemed" is created.

Element of income is recognised in the income statement for the year to the extent that it is represented by income earned during the year.

3.8 Payables and accruals

Payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether billed or not to the Fund.

3.9 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. The particular recognition method adopted for measurement of financial liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

3.10 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.11 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.12 Impairment of Financial assets

A financial asset (other than held for trading investment) is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement for the year.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

3.13 Dividend distributions and appropriations

Dividend distributions (including the bonus units) are recorded in the period in which the distributions are approved. 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.

3.14 Other assets

Other assets are stated at cost less impairment losses, if any.

4. BANK BALANCES

		2015	2014
		(Rupees in '000)	
Profit and loss sharing accounts	4.1	34,067	12,463
Current accounts		20	25
		<u>34,087</u>	<u>12,488</u>

4.1 These represents profit and loss sharing accounts maintained with various banks carrying profit rate of 6% (30 June 2014: ranging from 7% to 8.5%) per annum.

5. INVESTMENTS

Investments in securities at fair value through profit or loss - held for trading

Listed equity securities	5.1	1,173,917	935,786
Government securities	5.2	-	49,884
		<u>1,173,917</u>	<u>985,670</u>

5.1 Listed equity securities - Held for trading

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2014	Acquired during the year	Bonus / Right shares received during the year	Disposed during the year	Holding at end of the year 30 June 2015	Cost as of the year ended 30 June 2015	Market value as of the year ended 30 June 2015 (revised carrying value)	Market value as a percentage of net assets	Percentage in relation to total market value of investment	Percentage of paid-up capital of the investee company held
	----- (Number of Shares) -----					----- (Rupees in '000) -----		----- (Percentage) -----		
Automobile Assembler										
Atlas Honda Limited	-	180,000	-	-	180,000	64,236	60,296	5.19	5.14	0.17
Automobile Parts & Accessories										
Thal Limited (Face value of Rs. 5 each)	310,100	61,500	-	114,500	257,100	50,816	73,384	6.32	6.25	0.32
Cable and Electrical Goods										
Pakistan Cables Limited	28,000	157,900	-	-	185,900	24,608	30,952	2.67	2.64	0.65
TPL Trakker Limited	4,373,458	1,672,000	-	5,795,458	250,000	3,278	3,965	0.34	0.34	0.12
						27,886	34,917	3.01	2.97	
Cement										
Dewan Cement Limited	7,494,000	-	-	5,565,500	1,928,500	12,736	28,002	2.41	2.39	0.44
Javedan Corporation Limited	-	5,000	200,000	-	205,000	4,927	6,681	0.58	0.57	0.18
Lafarge Pakistan Cement Limited	3,000,000	1,500,000	-	4,500,000	-	-	-	-	-	-
						17,663	34,683	2.99	2.95	
Chemical										
Akzo Nobel Pakistan Limited	47,000	-	-	47,000	-	-	-	-	-	-
Archroma Pakistan Limited	50,000	-	-	-	50,000	14,808	22,840	1.97	1.95	0.15
Berger Paints Pakistan Limited	-	100,000	-	100,000	-	-	-	-	-	-
Biafo Industries Limited	249,900	331,000	-	255,900	325,000	58,025	64,522	5.56	5.50	1.63
Buxly Paints Limited	6,500	25,000	-	-	31,500	1,356	1,149	0.10	0.10	2.19
Dynea Pakistan Limited (Face value of Rs. 5 each)	-	10,000	-	-	10,000	580	490	0.04	0.04	0.05
Engro Polymer & Chemicals Limited	481,500	-	-	481,500	-	-	-	-	-	-
Nimir Industrial Chemical Limited	2,124	-	-	2,000	124	1	2	0.00	0.00	0.00
						74,770	89,003	7.67	7.58	
Commercial Banks										
Allied Bank Limited	-	609,375	-	609,375	-	-	-	-	-	-
Askari Bank Limited	181,500	389,500	-	571,000	-	-	-	-	-	-
Bank Alfalah Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-
Bank AL Habib Limited	224,028	-	-	224,028	-	-	-	-	-	-
BankIslami Pakistan Limited	1,728,000	-	1,562,567	11,000	3,279,567	26,846	33,452	2.88	2.85	0.57
Faysal Bank Limited	45,500	-	-	45,500	-	-	-	-	-	-
National Bank of Pakistan	-	903,000	-	903,000	-	-	-	-	-	-
NIB Bank Limited	823,471	1,000,000	-	-	1,823,471	5,939	3,683	0.32	0.31	0.02
Samba Bank Limited	412,000	-	-	-	412,000	1,957	2,204	0.19	0.19	0.04
Summit Bank Limited	8,640,500	3,000,000	-	-	11,640,500	42,155	39,461	3.40	3.36	1.08
						76,897	78,800	6.79	6.71	
Engineering										
Crescent Steel and Allied Products Limited	-	450,000	-	-	450,000	24,140	23,387	2.01	1.99	0.72
Huffaz Seamless Pipe Industries Limited	297,675	-	-	63,000	234,675	6,571	4,276	0.37	0.36	0.42
International Industries Limited	277,000	98,000	-	375,000	-	-	-	-	-	-
International Steels Limited	-	1,100,000	-	1,100,000	-	-	-	-	-	-
						30,711	27,663	2.38	2.36	

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2014	Acquired during the year	Bonus / Right shares received during the year	Disposed during the year	Holding at end of the year 30 June 2015	Cost as of the year ended 30 June 2015	Market value as of the year ended 30 June 2015 (revised carrying value)	Market value as a percentage of net assets	Percentage in relation to total market value of investment	Percentage of paid-up capital of the investee company held
	----- (Number of Shares) -----					----- (Rupees in '000) -----		----- (Percentage) -----		
Fertilizer										
Arif Habib Corporation Limited	150,000	-	-	150,000	-	-	-	-	-	-
Dawood Hercules Corporation Limited	-	103,500	-	-	103,500	11,901	12,086	1.04	1.03	0.02
Engro Corporation Limited	100,000	105,000	-	125,000	80,000	22,256	23,744	2.05	2.02	0.02
Engro Fertilizer Limited	163,500	655,000	-	818,500	-	-	-	-	-	-
						34,157	35,830	3.09	3.05	
Food & Personal Care Products										
Engro Foods Limited	-	846,700	-	846,700	-	-	-	-	-	-
Murree Brewery Company Limited	-	5,840	-	-	5,840	5,727	5,431	0.47	0.46	0.03
Quice Food Industries Limited	347,000	7,980,000	-	1,195,500	7,131,500	56,356	67,036	5.77	5.71	7.24
						62,083	72,467	6.24	6.17	
Glass & Ceramics										
Balochistan Glass Limited	1,300,000	-	-	-	1,300,000	9,076	5,330	0.46	0.45	0.76
Shabbir Tiles & Ceramics Limited (Face value of Rs.	-	64,000	37,120	-	101,120	772	899	0.08	0.08	0.04
						9,848	6,229	0.54	0.53	
Transport										
Pakistan National Shipping Corporation Limited	136,970	-	-	136,970	-	-	-	-	-	-
Insurance										
Adamjee Insurance Company Limited	285,500	590,000	-	275,500	600,000	28,798	28,572	2.46	2.43	0.17
Askari General Insurance Company Limited	561,500	-	-	561,500	-	-	-	-	-	-
Pakistan Reinsurance Company Limited	-	113,000	-	-	113,000	2,938	3,266	0.28	0.28	0.04
TPL Direct Insurance Company Limited	225,000	7,500	-	167,524	64,976	686	1,453	0.13	0.12	0.09
						32,422	33,291	2.87	2.84	
Leather & Tanneries										
Service Industries Limited	21,536	-	-	21,536	-	-	-	-	-	-
Oil & Gas Marketing Companies										
Sui Northern Gas Pipelines Limited	3,033,000	459,000	-	1,392,000	2,100,000	47,714	55,944	4.82	4.77	0.33
Sui Southern Gas Company Limited	2,744,000	777,500	-	1,921,500	1,600,000	48,890	68,320	5.88	5.82	0.18
						96,604	124,264	10.70	10.59	
Miscellaneous										
Macpac Films Limited	309,500	127,000	-	-	436,500	8,843	7,988	0.69	0.68	1.12
Shifa International Hospitals Limited	19,000	-	-	19,000	-	-	-	-	-	-
						8,843	7,988	0.69	0.68	
Paper & Board										
Century Paper & Board Mills Limited	215,000	-	-	215,000	-	-	-	-	-	-
Pakistan Paper Products Limited	-	135,500	-	76,500	59,000	5,043	3,531	0.30	0.30	0.98
Merit Packaging Limited	1,740,250	-	-	737,250	1,003,000	13,563	19,368	1.67	1.65	2.49
						18,606	22,899	1.97	1.95	

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1st July 2014	Acquired during the year	Bonus / Right shares received during the year	Disposed during the year	Holding at end of the year 30 June 2015	Cost as of the year ended 30 June 2015	Market value as of the year ended 30 June 2015 (revised carrying value)	Market value as a percentage of net assets	Percentage in relation to total market value of investment	Percentage of paid-up capital of the investee company held
	----- (Number of Shares) -----					----- (Rupees in '000) -----		----- (Percentage) -----		
Pharmaceuticals										
Otsuka Pakistan Limited	185,758	-	-	185,758	-	-	-	-	-	-
Power Generation & Distribution										
K-Electric Limited (Face value Rs. 3.5/- each)	-	11,150,000	-	-	11,150,000	95,776	93,883	8.09	8.00	0.04
Refinery										
Attock Refinery Limited	39,400	-	-	39,400	-	-	-	-	-	-
National Refinery Limited	45,600	21,200	-	66,800	-	-	-	-	-	-
Sugar & Allied Industries										
Noon Sugar Mills Limited	403,370	11,000	-	414,370	-	-	-	-	-	-
Shakarganj Mills Limited	1,349,500	774,000	-	-	2,123,500	36,199	36,100	3.11	3.08	3.05
						36,199	36,100	3.11	3.08	
Technology & Communication										
Hum Network Limited	80,000	94,000	96,300	270,300	-	-	-	-	-	-
Pak Datacom Limited	304,227	583,031	-	35,000	852,258	62,748	61,576	5.30	5.25	8.70
Pakistan Telecommunication Company Limited	-	1,725,000	-	500,000	1,225,000	25,447	25,113	2.16	2.14	0.03
Telecard Limited	2,000,000	-	-	250,000	1,750,000	9,800	7,455	0.64	0.64	0.58
TRG Pakistan Limited (5.1.1 & 5.1.2)	7,236,624	-	1,126,641	1,998,000	6,365,265	45,747	194,459	16.75	16.56	1.43
						143,742	288,603	24.86	24.58	
Textile Spinning										
Crescent Fibres Limited	37,000	-	-	-	37,000	1,038	1,609	0.14	0.14	0.30
Elicot Spinning Mills Limited	120,638	207,500	-	-	328,138	21,850	21,001	1.81	1.79	3.00
Fazal Cloth Mills Limited	600	-	-	-	600	56	87	0.01	0.01	0.00
Island Textile Mills Limited	30,500	500	-	-	31,000	5,454	22,909	1.97	1.95	6.20
Saif Textile Mills Limited	100,000	41,000	-	-	141,000	2,529	3,067	0.26	0.26	0.53
						30,927	48,673	4.19	4.15	
Textile Weaving										
Samin Textiles Limited	53,500	-	-	-	53,500	440	484	0.04	0.04	0.20
Vanaspati & Allied Industries										
S.S. Oil Mills Limited	-	156,500	-	-	156,500	6,066	4,460	0.38	0.38	2.77
Total as at 30 June 2015						918,692	1,173,917	101	100	
Total as at 30 June 2014						764,030	935,786			

5.1.1 These include 2.5 million shares having market value of Rs. 76.375 million of TRG Pakistan Limited as pledged with National Clearing Company of Pakistan Limited as on 30 June 2015.

5.1.2 Investment in the listed equity shares of TRG Pakistan Limited exceeded the maximum limit of 10% of the net assets of the scheme prescribed under the regulation 55(5) of the NBFC regulations. However, subsequent to the year ended 30 June 2015, excess exposure has been regularized.

5.2 Government Securities

Government Securities	Holding at beginning of the year 1 July 2014	Acquired during the year	Disposed during the year	Holding at end of the year 30 June 2015	Carrying value as at 30 June 2015 (before revaluation)	Market value as at 30 June 2015 (carrying value after revaluation)	Market value as a percentage of net assets	Market value as a percentage of investments
	----- (Number of bills) -----				----- (Rupees in '000) -----		----- (Percentage) -----	
- Treasury Bills - 3 months (face value of Rs. 5,000 each)	10,000	-	10,000	-	-	-	-	-

6. DIVIDEND AND PROFIT RECEIVABLE

2015 **2014**
(Rupees in '000)

Unsecured - considered good

- Mark-up on bank balances
- Dividend receivable

111	181
326	-
437	181

7. SECURITY DEPOSITS

National Clearing Company of Pakistan Limited
Central Depository Company of Pakistan Limited

2,500	2,500
100	100
2,600	2,600

8. REMUNERATION TO THE MANAGEMENT COMPANY

The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the Management Fee is charged @ 2% of the average daily net assets of the Fund (2014: 2%).

Balance at beginning of the year	1,674	1,142
Remuneration for the year	18,272	17,971
Paid during the year	(18,032)	(17,439)
Balance at end of the year	1,914	1,674

9. REMUNERATION TO THE TRUSTEE

The Trustee is entitled to monthly remuneration for services under the provision of Trust Deed.

Net assets up to 1 billion

Rs. 0.7 million or 0.20% per annum of the daily average net assets of the Fund, which ever is higher.

Net assets exceeding 1 billion

Rs. 2 million plus 0.1% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

Balance at beginning of the year	160	112
Remuneration for the year	1,803	1,787
Paid during the year	(1,787)	(1,739)
Balance at end of the year	176	160

10. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Rule 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, whereby the Fund is required to pay annual fee to SECP at the rate of 0.095% of the average daily net assets of the Fund.

	2015	2014
	(Rupees in '000)	
Balance at beginning of the year	854	422
Remuneration for the year	868	854
Paid during the year	(854)	(422)
Balance at end of the year	<u>868</u>	<u>854</u>

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditor's remuneration		200	200
Brokerage payable		357	366
Sales tax payable on Management			
Company's remuneration	11.1	333	311
Federal Excise Duty payable on Management			
Company's remuneration	11.2	5,909	2,985
Withholding tax payable		2,487	16
Zakat payable		257	145
Others		1,280	311
		<u>10,823</u>	<u>4,334</u>

- 11.1** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15% (till 30 June 2014: 16%) on Management Company's remuneration. Above liability includes Rs. 45,925 (2014: Rs. 42,842) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 11.2 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 30 June 2015 would have been higher by Re. 0.02 (2014: Re. 0.02) per unit.

Above sales tax is paid to the management company for onwards payment to the Government.

- 11.2** As per the requirement of the Finance Act, 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. A stay order against the collection have been granted by the Honourable High Court of Sindh on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) on 4 September 2013.

In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to maintain the provision for FED amounting to of Rs. 5.909 million as at 30 June 2015 (2014: Rs. 2.985 million). Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Re. 0.37 (2014: Re. 0.21).

Above FED would be paid to the management company for onwards payment to the Government, if so payable.

12. 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 / mutual funds (CISs) 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 certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, the Honourable Peshawar High Court on 29 May 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 2006 and 2008 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

However, as per the advice of legal counsel of MUFAP, the stay granted to CIS (as mentioned in the first paragraph) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by the SHC judgment.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs. 23.772 million (2014: Rs. 17.743 million) in these financial statements.

The Finance Act, 2015 has excluded Mutual Funds and collective Investment Scheme from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from 01 July 2015 onwards. However, provision made till 30 June 2015 has not been reversed as the above lawsuit is pending in the SHC.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2015 (30 June 2014: Nil)

14. NUMBER OF UNITS IN ISSUE

	2015	2014
	(Numbers)	
Total outstanding at beginning of the year	14,543,645	11,087,450
Issued during the year	11,231,651	10,608,272
Bonus units issued during the year	-	6,829,246
Redemptions during the year	(9,654,853)	(13,981,323)
Total units in issue at the end of the year	<u>16,120,443</u>	<u>14,543,645</u>

Face value of the unit is Rs. 50 each.

15. AUDITORS' REMUNERATION

	30 June 2015	30 June 2014
	(Rupees in '000)	
Statutory audit	185	175
Half yearly review	52	50
Review of code of corporate governance	25	25
Out of pocket expenses	25	30
	<u>287</u>	<u>280</u>

	30 June 2015	30 June 2014
	(Rupees in '000)	
16. OTHER EXPENSES		
Printing and stationery	170	281
National Clearing Company of Pakistan Limited charges	313	281
Credit rating fee	128	100
Fees and subscription	5	-
Central Depository Company of Pakistan Limited charges	91	106
Karachi Stock Exchange listing fee	50	50
Sales tax on Management Company's remuneration	3,179	3,335
Federal excise duty on Management Company's remuneration	2,924	2,875
	6,860	7,028

17. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AKD Investment Management Limited (AKDIML) being the Management Company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited and AKD Securities Limited being the related parties of the Management Company, Central Depository Company of Pakistan Limited being the trustee, associated companies of the Management Company, other collective investment schemes managed by the Management Company and directors and key management personnel of the Management Company and above entities and also includes entities holding 10% or more in the units of the Fund as at 30 June 2015. It also includes staff retirement benefit funds of the above related parties / connected persons and entities in which the above parties or their connected persons have a material interest.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively as disclosed in note 8 and 9 to these financial statements. Purchase and redemptions of the Fund's units by the related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are recorded at agreed rates.

18.1 Details of balances with connected persons / related parties as at year end	Note	2015 (Rupees in '000)	2014
AKD Investment Management Limited - Management Company of the Fund			
Remuneration payable	8	1,914	1,674
Sales load payable		206	86
Units outstanding - 440,025 (2014: Nil)		31,682	-
Sales tax payable on Management Company's remuneration*	11 & 11.1	333	311
Federal Excise Duty payable on Management Company's remuneration*	11 & 11.2	5,909	2,985
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable	9	176	160
Security deposit	7	100	100
CDS charges payable		7	13
Arabian Sea Enterprises Limited (having invested more than 10% in the units of the Fund)			
Units outstanding - 2,068,043 (12.83% of the total units in issue as at the year end (2014: 1,843,650 (12.68% of the total units in issue as at the year end))		148,899	101,295
KAPCO Employees Pension Fund Trust (having invested more than 10% in the units of the Fund)			
Units outstanding - 2,276,368 (14.12% of the total units in issue as at the year end (2014: 1,733,454 (11.92% of the total units in issue as at the year end))		163,898	95,241
* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.			
AKD Securities Limited - Brokerage House			
Brokerage payable on purchase and sale of marketable securities		15	44
AKD Investment Management Limited Staff Provident Fund			
Units outstanding - Nil (2014: 93,464)		-	5,135
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund			
Units outstanding - 63,025 (2014: 61,952)		4,538	3,401
Spouse - Chief Executive Officer of the Management Company			
Units outstanding - 146,896 (2014: Nil)		10,576	-

18.2 Details of transactions with connected persons / related parties during the year	Note	2015 (Rupees in '000)	2014
AKD Investment Management Limited - Management Company of the Fund			
Remuneration for the year	8	18,272	17,971
Sales load		1,990	692
Units issued - 826,797 (2014: 798,566)		47,557	46,400
Units redeemed - 386,772 (2014: 1,029,738)		24,837	57,824
Bonus units issued: Nil (2014: 51,188)		-	2,430
Dividend paid		542	-
Sales tax on Management Company's remuneration*	11.1 & 16	3,179	3,335
Federal excise duty on Management Company's * remuneration*	11.2 & 16	2,924	2,875
Gain by the investor on the redemption of units - net		4,287	783
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration for the year	9	1,803	1,787
CDS charges for the year	16	91	106
Arabian Sea Enterprises Limited (having invested more than 10% in the units of the Fund)			
Units issued - 224,393 (2014: 1,439,553)		15,000	100,000
Bonus units issued: Nil (2014: 404,097)		-	21,593
Dividend paid		2,585	-
KAPCO Employees Pension Fund Trust (having more than 10% in the units of the Fund)			
Units issued - 1,409,641 (2014: 1,979,769)		89,352	125,000
Units redeemed - 866,727 (2014: 1,140,078)		48,380	62,134
Bonus units issued: Nil (2014: 493,718)		-	20,451
Dividend paid		2,797	-
Gain / (loss) by the related party on the redemption of units - net		(9,326)	10,106
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund			
Units issued - 1,073 (2014: Nil)		77	-
Bonus units issued: Nil (2014: 24,290)		-	1,255
Dividend paid		77	-
Spouse - Chief Executive Officer of the Management Company			
Units issued - 146,896 (2014: Nil)		10,190	-
Dividend paid		184	-
Mr. Nadeem Saulat Siddiqui - Executive Director of the Management Company			
Units redeemed - Nil (2014: 11,391)		-	681
Issue of bonus units - Nil (2014: 2,522)		-	120
Gain by the investor on the redemption of units - net		-	226

	Note	2015 (Rupees in '000)	2014
AKD Investment Management Limited Staff Provident Fund			
Units issued - 87,678 (2014: 72,978)		5,007	4,600
Units redeemed - 181,142 (2014: 66,627)		11,793	4,308
Bonus units issued: Nil (2014: 35,239)		-	1,826
Gain by the investor on the redemption of units - net		1,061	1,608
AKD Securities Limited - Brokerage House			
Brokerage expense on purchase and sale of marketable securities		366	144
Golden Arrow Selected Stocks Fund Limited - (Fund managed by the Management company)			
Sale of shares by AKD Opportunity Fund		46,740	51,761
Purchase of shares by AKD Opportunity Fund		145,233	14,400
AKD Securities Limited			
Purchase of shares by AKD Opportunity Fund		31,400	-
Miss Ayesha Aqeel			
Purchase of shares		-	29,990
Ms. Yasmeen Dhedhi			
Purchase of shares		-	17,500
Sale of shares		-	5,000

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

19. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit risk (refer note 19.1)
- Liquidity risk (refer note 19.2)
- Market risk (refer note 19.3)

Risk management framework

The Fund's board of directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

19.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, return / mark-up receivable, receivable against sale of marketable securities and security deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

The maximum exposure to credit risk as at 30 June 2015 was as follows:

	2015		2014	
	Balance as per the Statement of Asset and Liabilities (Rupees in '000)	Maximum Exposure	Balance as per the Statement of Asset and Liabilities (Rupees in '000)	Maximum Exposure
Bank balances (including profit receivable)	34,198	34,198	12,669	12,669
Investments	1,173,917	-	985,670	-
Dividend receivable	326	326	-	-
Receivable against sale of investments	24,473	24,473	-	-
Security deposits	2,600	2,600	2,600	2,600
	1,235,514	61,597	1,000,939	15,269

Difference in balance as per the statement of assets and liabilities and maximum exposure in investments is due to the fact that investments in equity securities of Rs. 1,173.917 million (30 June 2014: Rs. 935.786 million) and investments in Government treasury bills of Rs. Nil (30 June 2014: Rs. 49.884 million) is not exposed to credit risk.

Bank balances

The Fund held cash and cash equivalents at 30 June 2015 with banks having following credit ratings:

	2015 (Rupees in '000)	2014	2015 (%)	2014
Ratings				
A1+	34,175	12,621	99.93	99.62
A3	-	24	-	0.19
A-1	23	-	0.07	-
A-3	-	24	-	0.19
Total	34,198	12,669	100.00	100.00

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2015).

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	Note	2015		2014	
		(Rupees in '000)	(%)	(Rupees in '000)	(%)
Commercial banks (including profit receivable)	4 & 6	34,198	55.52	12,669	82.97
Receivable against sale of shares due from National Clearing Company of Pakistan Limited (NCCPL)		24,473	39.73	-	-
Dividend receivables from					
- Insurance Sector	6	116	0.19	-	-
- Fertilizer Sector	6	210	0.34	-	-
Central Depository Company - security deposit	7	100	0.16	100	0.66
NCCPL - security deposit	7	2,500	4.06	2,500	16.37
		61,597	100.00	15,269	100.00

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2015.

None of the financial instruments of the Fund are secured.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

19.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund is entitled to borrow, with prior approval of trustee, for meeting redemptions. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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. However, during the period no such option was exercised or considered necessary.

Maturity analysis for financial liabilities

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

		2015			
Note	Carrying amount of liabilities	Total	Less than 1 month	Within 3 months	
----- (Rupees in '000) -----					
Non-derivative financial liabilities					
(excluding unit holders' fund)					
Remuneration Payable to the Management Company (excluding Sindh sales tax and federal excise duty)	8	1,914	1,914	1,914	-
Remuneration payable to the Trustee	9	176	176	176	-
Annual fee payable to Securities and Exchange Commission of Pakistan	10	868	868	-	868
Payable against purchase of investments		23,809	23,809	23,809	-
Amount payable on redemption of units		13,080	13,080	13,080	-
Accrued expenses and other liabilities*	11	1,837	1,837	1,837	-
Unclaimed dividend		11	11	11	-
		41,695	41,695	40,827	868
Unit holders' fund		1,161,061	1,161,061	1,161,061	-

2014					
Note	Carrying amount of liabilities	Total	Less than 1 month	Within 3 months	
----- (Rupees in '000) -----					
Non-derivative financial liabilities					
(excluding unit holders' fund)					
Remuneration Payable to the Management Company (excluding Sindh sales tax and federal excise duty)	8	1,674	1,674	1,674	-
Remuneration payable to the Trustee	9	160	160	160	-
Annual fee payable to Securities and Exchange Commission of Pakistan	10	854	854	-	854
Amount payable on redemption of units		177,095	177,095	177,095	-
Accrued expenses and other liabilities*	11	877	877	877	-
Unclaimed dividend		11	11	11	-
		180,671	180,671	179,817	854
Unit holders' fund		799,068	799,068	799,068	-

* excluding sindh sales tax payable on Management Company's remuneration, federal excise duty payable on Management Company's remuneration, zakat and withholding tax payable.

19.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund 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. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk and equity price risk.

19.3.1 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 interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

The interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows:

	2015	2014
	(Rupees in '000)	
Variable rate instruments		
Financial assets (bank balances)	<u>34,067</u>	<u>12,463</u>
Fixed rate instruments		
Investments in treasury bills	<u>-</u>	<u>49,884</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) unit holder fund and income statements by Rs. 340,674 (2014: Rs. 623,470). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Above bank balances are reprised by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the Fund's financial liabilities are subject to interest rate risk.

19.3.2 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Karachi Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund policy is to manage price risk through diversification

and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% or index weight whichever is higher subject to maximum of 35% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investment in industrial / economic sector are given in note 5.1.

Sensitivity analysis - Equity price risk

All of the Fund's listed equity investments are listed on Karachi Stock Exchange. For such investments classified as at fair value through income statement the impact on income statement and unit holders' fund, due to a 5% increase or decrease in the fair values of the equity investments, would have been an increase or decrease of Rs. 58.696 million (2014: Rs. 47.789 million).

19.4 Unit holder's fund risk management

The Fund's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to continue as a going concern so that it can continue to provide returns to its unit holders. Management monitors the return on capital as well as the level of dividends to unit holders and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

19.5 Accounting classifications and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for 2015 and 2014. The table also sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

The Fund's accounting policy on fair value measurements is discussed in note 3.1.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs that are quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 30 June 2015, all investments were categorised in Level 1.

As at 30 June 2014, the investments were categorised as below:

	2014			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
Investments	935,786	49,884	-	985,670

20. SUPPLEMENTARY INFORMATION

The information regarding top brokers, performance table, unit holding pattern, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

20.1 List of top ten brokers by percentage of commission paid

		2015
		Commission paid (Percentage)
i)	A.I. Securities (Private) Limited	13.37%
ii)	Creative Capital Securities (Private) Limited	13.30%
iii)	AKD Securities Limited	13.11%
iv)	Investment Manager Securities (Private) Limited	11.02%
v)	Taurus Securities Limited	9.01%
vi)	Habib Metropolitan Financial Services Limited	7.09%
vii)	Akbarally Qasim & Sons (Private) Limited	6.60%
viii)	Pearl Securities Limited	6.55%
ix)	Next Capital Limited	5.24%
x)	Fortune Securities Limited	2.66%
		2014
		Commission paid (Percentage)
i)	A.I. Securities (Private) Limited	14.85%
ii)	Pearl Securities Limited	13.22%
iii)	Investment Manager Securities (Private) Limited	10.55%
iv)	Creative Capital Securities (Private) Limited	10.46%
v)	Habib Metropolitan Financial Services Limited	8.80%
vi)	Taurus Securities Limited	8.65%
vii)	Trade-In Securities (Private) Limited	7.15%
viii)	AKD Securities Limited	4.48%
ix)	First Capital Equities Limited	3.38%
x)	Fortune Securities Limited	3.04%

20.2 Performance table

	2015	2014	2013
Total net assets value - Rupees in '000	1,161,061	799,068	675,980
Net assets value per unit at the end of year - Rupees	72.02	54.94	60.97
Net income / (loss) for the year - Rupees in '000	295,412	305,138	284,911
Selling price per unit as at 30 June - Rupees	74.20	56.60	62.85
Repurchase price per unit as at 30 June - Rupees	72.00	54.90	60.95
Highest selling price per unit during the year - Rupees	75.70	74.70	66.20
Lowest selling price per unit during the year - Rupees	49.65	50.10	37.30
Highest repurchase price per unit during the year - Rupees	73.45	72.50	64.25
Lowest repurchase price per unit during the year - Rupees	48.15	48.60	36.20
Total return of the Fund - Rupees in '000			
- Income distribution	20,054	196,428	149,681
- Capital growth	748,455	473,097	364,387
Distribution per unit (annual) - Rupees [announced on 26 June 2015, 26 June 2014 and 8 July 2013 respectively]	1.25	15.00	13.50
Average annual return of the Fund			
- Last one year	83.45%	47.35%	72.86%
- Last two years	65.40%	60.10%	53.77%
- Last three years	67.89%	51.63%	42.39%

The income distribution have been shown against the year to which they relate although these were declared and distributed during the year, except for distribution for 2013 which was distributed subsequently to the year end.

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

The portfolio composition of the Fund has been disclosed in note 5 of the financial statements.

20.3 Pattern of unit holdings

	As at 30 June 2015			
	No. of unit holders	Units held	Investment amount (Rupees in '000)	Percentage of Total
Individuals	477	6,385,759	459,929	39.61
Associated Companies (NBFC)*	1	440,025	31,693	2.73
Banks and DFIs	1	927,292	66,787	5.75
Retirement Fund	26	6,263,303	451,109	38.86
Others	3	2,104,064	151,543	13.05
	508	16,120,443	1,161,061	100.00

* management company

	As at 30 June 2014			
	No. of unit holders	Units held	Investment amount (Rupees in '000)	Percentage of Total
Individuals	420	5,858,900	321,904	40.28
Banks and DFIs	1	911,504	50,081	6.27
Retirement Fund	24	5,928,911	325,750	40.77
Others	3	1,844,330	101,333	12.68
	448	14,543,645	799,068	100.00

20.4 Particulars of the Fund manager and Investment Committee

Following are the details of the fund manager:

Name of Fund Manager	Qualification	Other Funds managed
Mr. Muhammad Yaqoob	MBA	Golden Arrow Selected Stocks Fund Limited AKD Aggressive Income Fund

Following are the members of the investment committee of the Management Company:

Name of members	Designation	Qualification	Experience in years
Mr. Imran Motiwala	Chief Executive Officer	BBA	21
Ms. Anum Dhedhi	Chief Investment Officer	BSC	4
Mr. Muhammad Yaqoob	Chief Operating Officer, Company Secretary and Fund Manager of: -AKD Opportunity Fund -AKD Aggressive Income Fund -Golden Arrow Selected Stocks Fund Limited.	MBA	11
Mr. Nadeem Saulat Siddiqui	Head of Public Relationship Director of Management Company	MBA	22
Mr. Carrow Michael	Head of Risk Management	MBA	9
Ms. Laraib Mohib	Fund Manager of: -AKD Index Tracker Fund -AKD Cash Fund	BBA	1
Mr. Muhammad Mahd	Fund Manager	BBA	3

20.5 Directors meeting attendance

During the year, five meetings of the Board of Directors of the management company were held and their details are as follows:

Name of Directors	Meeting attended	27-Sep-2014	29-Oct-2014	23-Dec-2014	24-Feb-2015	29-Apr-2015
Mr. Abdul Karim Memon	4	x	✓	✓	✓	✓
Mr. Imran Motiwala	5	✓	✓	✓	✓	✓
Mr. Nadeem Saulat Siddiqui	3	x	✓	x	✓	✓
Mr. Ali Wahab Siddiqui	5	✓	✓	✓	✓	✓
Mr. M. Ramzan Sheikh	0	x	x	x	x	x
Mr. Ahmed Abdul Sattar	5	✓	✓	✓	✓	✓
Mr. Hasan Ahmed	4	✓	x	✓	✓	✓
		4	5	5	6	6

20.6 Rating of the management company and the Fund

	Rating Agency	Date	Management Quality
AKD Investment Management Limited	PACRA	June 16, 2015	AM3
(Management Company of the Fund)	/	an	
	JCR VIS	April 10, 2015	AM3

For the Fund's rankings please refer note 1.2.

21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 21 September 2015 by the Board of Directors of the Management Company.

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

Imran Motiwala
Chief Executive Officer








Nadeem Saulat Siddiqui
Director



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**AKD Investment
Management Ltd.**

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) Fax : 92-21-35373217, 35303125
E-mail : info@akdinvestment.com Website : www.akdinvestment.com