

Funds Managed by:
AKD Investment Management Ltd.

2014



annual report



**Partner
with AKD
Profit from the
Experience**



**AKD Investment
Management Ltd.**

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CORPORATE INFORMATION

Imran Motiwala
Chief Executive Officer



Hasan Ahmed
Director



M. Ramzan Sheikh
Director



Abdul Karim Memon
Chairman



Ali Wahab Siddiqui
Director



**Ahmed Abdul
Sattar**
Director



**Nadeem
Saulat Siddiqui**
Director



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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Abdul Karim Memon*

Director & Chief Executive Officer
Mr. Imran Motiwala

Directors
Mr. Ali Wahab Siddiqui*
Mr. M. Ramzan Sheikh
Mr. Hasan Ahmed*
Mr. Ahmed Abdul Sattar*
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

Mr. Abdul Qadir Sultan

HEAD OF COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Rashid Ahmed

AUDIT COMMITTEE

Mr. M. Ramzan Sheikh (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Ali Wahab Siddiqui (Member)
Mr. Abdul Qadir Sultan (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)
PACRA: AM3 (AM Three)

*Approval Pending From SECP.

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 20 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 participates 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 a candidate of CFA Level III. He is also serving as a Director on the Boards of Pak Datacom Limited and 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 fifteen 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.

Abdul Qadir Sultan - Head of Internal Audit

Mr. Abdul Qadir Sultan is a Chartered Accountant by profession from the Institute of Chartered Accountants of Pakistan (ICAP). He completed his article ship from A.F. Ferguson and Co. (a member firm of Price Water House Coopers) one of the premier Chartered Accountancy firms in Pakistan. He also serves as a non-executive director at Javedan Corporation Limited and Agro General Insurance Limited. He is also a member of the Professional Accountants in Business (PAIB) Committee of ICAP. He has a working experience of more than 9 years in various diversified capacities.

Rashid Ahmed - Head of Compliance

Mr. Rashid Ahmed has more than 18 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.

Danish Owais - Head of Research

He worked in various capacities in equity research and investment management. Mr. Danish is a seasoned finance professional with a through understanding of capital market. Prior to joining AKDIML in the capacity of Head of Research. He worked for two years as a financial analyst in world renowned Bank of America in its investment banking division. Mr. Owais holds a MSc. in Finance from Manchester Business school and is a CFA level III candidate.

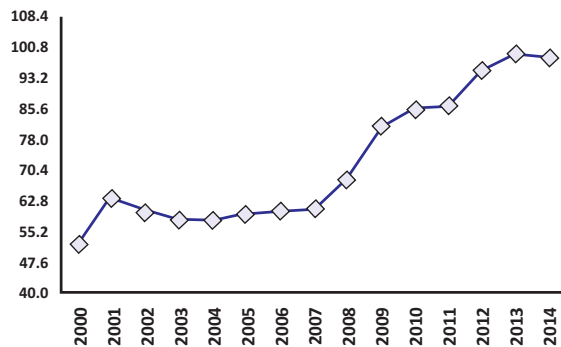
Report of the Directors of the Management Company

The Board of Directors of AKD Investment Management Limited, the Management Company of AKD Opportunity Fund, AKD Index Tracker Fund, AKD Cash Fund and AKD Aggressive Income Fund is pleased to present its report along with the financial statements for the financial year ended June 30, 2014.

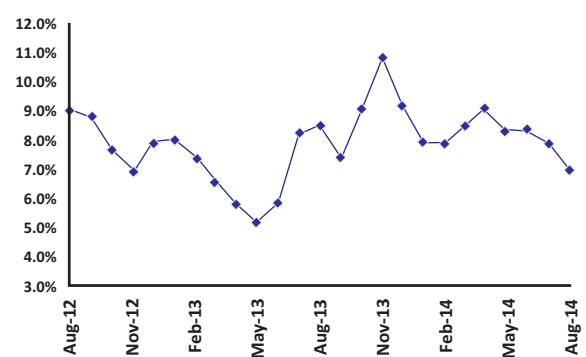
FY2014 saw the Government coming true on its promise to bring the country's economy back on track which resulted in a significant improvement in key economic indicators. A key highlight was improvement on the external account underpinned by the steep rise in the central bank's reserves to more than US\$14bn at the end FY2014, providing more than 3.5 months of import cover. Stability on the external account front received a positive response from Moody's in the form of an outlook upgrade on Pakistan's Sovereign Bonds from 'Negative' to 'Neutral'. However, rating of bonds was reaffirmed as CAA1. In the same vein, Pakistan's Current Account deficit clocked in at US\$2.9bn i.e. 1.2% of GDP, 17%YoY higher than the preceding year mainly due to rising imports, but manageable nonetheless.

Improvement on the external account front paved the way for a stronger PKR that appreciated by 0.16% vs. the US\$ during the year, with 6.8% appreciation witnessed during 3QFY14 alone. This arose on the back of US\$1.5bn assistance provided by Saudi Arabia, release of US\$2.2bn in four equal tranches by IMF from its US\$6.8bn support program approved in September 2013, proceeds of US\$2bn from the sale of sovereign Eurobonds issued at the beginning of April and US\$1.1bn from the auction of 3G & 4G licenses. That said, nascent pressure points have emerged where the ongoing political impasse has led to delays in release of IMF tranches and the proposed OGDC offering. These developments need monitoring since Pakistan's economy is still in recovery mode.

Exch Rate Trend US\$/PkR



Inflation Trend



CPI inflation clocked in at 8.6%YoY in FY14 compared to 7.4% in the same period last year. Inflation largely remained stable during the year barring few seasonal cost pressures in 1HFY14 including food supply disruptions and hike in electricity prices. The State Bank of Pakistan has so far prudently decided to maintain the Discount Rate at 10%. Monetary easing appears to be on the cards across the 2HFY14 but risks stem from sustainability of the reforms process.

On another positive note, FY14 GDP growth clocked in at 4.1% vs. 3.6% growth recorded in the preceding year with the manufacturing sector providing the much needed push. In this regard, private sector credit offtake during FY14 increased by 11%YoY with major chunk of fresh lending going to Food & Beverages, Textile, Energy and Agriculture Sectors. Consequently LSM registered a growth of 3.95%YoY for FY14 indicating improvement in the business environment of the country and confidence by the investors in the future. This was aided by the government's continued focus on energy reforms which is providing impetus to the manufacturing sector. Again however, sustainability of this uptick is dependent on a resolution to circular debt amidst continuing energy sector reforms.

STOCK MARKET REVIEW

The market maintained an upward trajectory in FY14 with the KSE-100 Index delivering another strong return of 41% after the 52% return witnessed in FY13. Last year's market performance was a result of re-rating on the back of positive economic developments and continued foreign flows in the bourses amidst a doubling of Pakistan's weight in the MSCI Frontier Market Index. At the same time, corporate profitability remained robust with key sectors E&P and Automobiles posting 36.14%YoY profit growth and 31%YoY growth, respectively, in 2014.

FY14 saw KSE-All Share volumes declined by 3.1%YoY to average 215mn shares/day while the average traded value increased by 14.8%YoY to PKR8.7bn. This contrast was due to investor focus shifting towards large cap stocks as blue chips led the rally. Taking a look at monthly index change shows that the index closed positive in eight months during FY14, with the highest monthly index change of 11% witnessed in the month of July. While giving some relief over the Capital Gains Tax rate (12.5% instead of scheduled 17.5%), the Government made up for this concession by increasing the duration of CGT upto 2 years, while also imposing a 5% tax on bonus share in Federal Budget FY15.

In a bid to provide buffer to the country's foreign exchange reserves, the Government of Pakistan shortlisted a total of 31 entities for the purpose of privatization. During the year under review, the Government successfully managed to conclude secondary public offerings of PPL and UBL, while OGDC's stake is likely to be offloaded through a mixture of GDRs and secondary public offering by the end of 1HFY15. HBL and ABL are among entities lined up for a near term transaction.

A total of three IPOs took place during FY14, all of which witnessed major crowd participation and were massively oversubscribed by the masses. Companies making fortunes as a result of the IPO fever included Avanceon, Hascol and Engro Fertilizers.

SECTORS

Banks: The banking industry in FY14 took full advantage of the opportunity presented by the Government to grow at an outstanding pace by investing in PIBs which now account for close to 30% of the sector's investment portfolio as compared to the previous 10yr average of 13%. Questions over banks' ability to maintain their margins due to minimum rate on deposit linked with Repo rate were countered by record highest participation in PIBs particularly in 2HFY14, with Banks accounting for 67.3% (PKR 2.17trn) in FY14 thus locking in a much higher rate. This, coupled with improving asset quality and a pickup in private sector credit, enabled the banking sector to counter the impact of tighter regulations on interest margins to post robust profits.

Oil & Gas: Oil sector fortunes fluctuated with the increased global geopolitical tensions during the year. Arab Light oil prices reached their highest levels (US\$112/bbl) since Sep'13 during the last week of Jun'14 due to tension in the Middle East, however price have retreated back to settle at US\$108/bbl in the first week of Jul'14. The price increase has been subdued, if compared to a similar crisis in 2011, mainly due to the rising production from the US which has decreased its reliance on crude imports. On the domestic front, FY14 petroleum product sales increased by 10%YoY to a record 21.4mn tons, with volumes aided by a one-off circular debt payment in late FY13.

Textiles: Textile exports surged to US\$13.74bn during FY14 compared to US\$13.05bn in the preceding year, with the increase partly attributable to the commencement of GSP Plus status granted to Pakistan by the European Union (EU). In this regard, textile exports to the EU registered an increase of 18%YoY to more than US\$5bn for the first time.

Cement: The cement industry in FY14 remained in the spotlight on the back of a high PSDP allocation in the FY15 Budget amidst moves towards expansion. The cement sector has gained 62.5% since last year's general elections, outperforming the overall market by more than 23%. Price of cement has been on the rise since July'13 due to major projects announced and strong local demand. Furthermore, profitability was augmented by the continued decline in the international coal prices.

Fertilizers: The fertilizer sector saw drastic changes where in January'14, GIDC rates on feedstock increased from PKR197/mmbtu to PKR300/mmbtu alongside a similar increase in GIDC rates for fuel stock. This matter has been brought to the courts where the Supreme Court has struck off GIDC since its inception. Although a positive, it remains to be seen whether the GOP re-imposes GIDC through a different manner. From a medium term perspective, the fertilizer industry continues to be plagued by gas shortages.

Telecoms: The Telecommunication sector of Pakistan witnessed some positive changes, punctuated by the 3G and 4G auction. Almost all cellular companies participated, opening a new era for the sector. Going forward, telecom sector profitability also depends on tapping into the broadband potential. Among the negatives is the recent breakup of the ICH mechanism (subject to appeals).

Electricity: During FY14, IPPs continued to face liquidity issues as the power purchaser failed to make timely payments. After a considerable decline in receivables as a result of circular debt clearance in Jun'13, power company receivables have piled up again. Medium-term dynamics of the electricity space involve coal conversion/setting up of new coal-based plants but require active regulatory support.

MONEY MARKET REVIEW

CPI Inflation was recorded at 7.4%, witnessing a decline of 0.8%. Additionally, keeping in view increasing pressure on foreign reserves due to IMF tranche delay and expectations of inflation uptick in coming months due to floods, SBP decided to maintain the discount rate at 10%. SBP raised the discount rate in November by 50bps citing the need to contain rising inflationary pressures and generate growth in domestic savings. However it is the need of the economy to cut the interest rate but pre-conditions set by the IMF to continue with the extended fund facility make it difficult for the SBP to cut the discount rate.

During FY14 SBP auctioned T-Bills and PIBs of various maturities. In total 26 T-Bills auctions were conducted during the year where the government managed to raise PKR 6.642trn, with the majority of the amount being raised in 2QFY14. The SBP conducted 12 PIBs auction in FY 14 and raised 2.083 trillion. The current year saw a rise in PIBs yields with the latest 3-year paper being auctioned at 12.59%, 5-year 12.99% and 10-year paper at 13.45%.

MUTUAL FUND INDUSTRY

The open end mutual fund industry closed at PKR386 billion during the year and experienced a 16.60%YoY growth. Money market funds on the other hand remained the dominant asset class closing at PKR114 billion for the year. In the year under review asset under management (AUM) of equity category witnessed the highest growth. AUM of equity funds grew by 43.5% during the year closing at PKR89 billion, exceeding income funds which closed the year at PKR65 billion, an increase of 18%YoY. Key reasons highlighting the change include the decline in baseline yields on the fixed income instruments, making both income and money market funds less attractive compared to equity funds.

FUNDS PERFORMANCE

AKD OPPORTUNITY FUND (AKDOF):

For the year ended June 30, 2014, AKDOF Posted a return of 48.24% vs. the KSE-100 Index return of 41.16%, a significant out performance of 7.08% against its benchmark. AKDOF posted a profit of PKR 305.138mn against a profit of 284.911mn in the same period last year.

AKD INDEX TRACKER FUND (AKDITF):

For the year ended June 30, 2014, AKDITF posted a return of 36.40% vs. KSE-100 Index of 41.16%. AKDITF posted a profit of PKR 11.044mn against a profit of PKR 50.720mn in the same period last year.

AKD CASH FUND (AKDCF):

For the year ended June 30, 2014, AKDCF posted a return of 8.77% vs. benchmark return of 8.44%, outperforming the benchmark by 0.33%. AKDCF posted a profit of PKR 41.336mn against a profit of PKR 23.513mn in the same period last year.

AKD AGGRESSIVE INCOME FUND (AKDAIF):

For the year ended June 30, 2014, AKDAIF posted a return of 5.41% vs. benchmark return of 10.16%, underperforming the benchmark by 4.75%. AKDAIF posted a profit of PKR 24.377mn against a profit of PKR 28.681mn in the same period last year.

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 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) Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the year seven meetings were held. Attendance of Directors in these meeting is as follows:

No.	Name of Director	Number of Meetings		
		Held	Attended	Leave Granted
1	Mr. Abdul Karim Memon	7	7	0
2	Mr. Imran Motiwala	7	7	0
3	Mr. Nadeem Saulat Siddiqui	7	7	0
4	Mr. Ali Wahab Siddiqui	7	7	0
5	Mr. Ahmed Abdul Sattar**	6	6	0
6	Mr. M. Ramzan Sheikh	7	0	7
7	Mr. Aurangzeb Ali Naqvi*	4	4	0
8	Mr. Hasan Ahmed**	3	3	0

* Mr. Aurangzeb Ali Naqvi tendered his resignation on December 30, 2013

** Mr. Ahmed Abdul Sattar and Mr. Hasan Ahmed appointed on August 6, 2013 and December 31, 2013 respectively.

- (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.	Mr. Nadeem Saulat Siddiqui	Executive Director	-	11,391

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 September 26, 2014.

RATING OF 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 December 31, 2013 (trailing 12 months for normal star ranking and trailing 36 months for long term star ranking) on April 8, 2014.

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 Board re-appointed M/s KPMG Taseer Hadi & Co., Chartered Accountants as the statutory auditors for AKD Opportunity Fund (AKDOF) and AKD Index Tracker Fund (AKDITF) for the year 2014-2015 as recommended by the audit committee.

The Board re-appointed M/s M. Yousuf Adil Saleem & Co., Chartered Accountants as the statutory auditor for AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF) for the year 2014-2015 as recommended by the audit committee.

The Board re-appointed M/s Anjum Asim Shahid Rahman, Chartered Accountants as statutory auditors of AKD Investment Management Limited for the year 2014-2015 as recommended by the audit committee.

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 Community as a whole and our trustee M/s Central Depository Company of Pakistan Limited for their cooperation and support to us. The Board also appreciates the devoted performance of the staff and officers of the Management Company. 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 27, 2014

Imran Motiwala
Chief Executive Officer

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AKD Cash Fund



MANAGEMENT COMPANY

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

TRUSTEE

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

BANKERS

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

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350

LEGAL ADVISER

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

REGISTRAR

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

DISTRIBUTOR

AKD Investment Management Limited

RATING

AKD CASH FUND
JCR-VIS: AA+(f) [Double A Plus (f)]

FUND MANAGER'S REPORT

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

Open - end Money Market Scheme.

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

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

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

For the FY14, the return of the AKD Cash Fund stood at 8.77% versus the benchmark of 8.44%, thus outperforming the benchmark by 0.33%.

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

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

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

Monthly Yield (annualized)	Jul'13	Aug'13	Sep'13	Oct'13	Nov' 13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14
AKD Cash Fund	8.25%	8.10%	7.47%	8.63%	6.98%	8.62%	8.96%	8.59%	8.97%	8.97%	8.72%	8.95%
Benchmark	7.80%	7.89%	7.98%	8.20%	8.29%	8.63%	8.66%	8.76%	8.78%	8.81%	8.72%	8.77%

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

AKD Cash Fund is an open end Money Market scheme. The returns of the funds are generated through investments in high quality short term government securities. AKDCF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

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

Asset Allocation (% of Total Assets)	30 June 2014	30 June 2013
Cash and Cash Equivalents	90.50%	86.11%
Treasury Bills exceeding 90 days maturity	9.35%	13.71%
Other Asset Including Receivables	0.15%	0.18%

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

FY14 Return	8.77%
Benchmark	8.44%

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

Net Asset Value		NAV per Unit		
30 June 2014	30 June 2013	Change	30 June 2014	30 June 2013
(Rupees in '000)			(Rupees)	
511,036	498,046	2.61%	50.0667	50.3779

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

The State Bank of Pakistan continued its monetary tightening stance by increasing the discount rate with the last rise of 50bps in Nov'13 to 10.00%, since then the discount rate has been sustained at this level on the back of stable macro-economic conditions underpinned by 7.4% CPI in August'14. However, economic growth has been under pressure owing to interest rates on the higher side and increased reliance of Government to borrow from banks. Hence, GDP has witnessed the growth of 4.1% than the forecast of 4.30%, significantly lower than our neighboring economies. SBP acknowledged the need of discount rate cut to provide the much needed impetus to the economy, but continued energy shortages, risk of uptick in inflation due to increase in perishable items prices and higher utilities charges, making discount cut decision in the current year difficult for SBP.

On the external account front, improvement was witnessed with the foreign reserves crossing \$14 billion mark in the backdrop of successful completion of 3G licenses auction, launching sovereign Eurobonds and release of part of IMF loan of \$6.6 billion in addition with the \$1.5 billion funding provided by Saudi Arabia. However, IMF tranches are dependent on Government coming true to its commitment to further increase electricity and gas tariffs along with macroeconomic stability, both will require courage and political maturity by the elected government. PKR stability is highly dependent on improved relations between US-Pak relations and resolution of the political noise.

Year on year growth in M2 has decelerated to 12.5 percent by end June 2014, the lowest rate of monetary expansion during last three years. This was mainly due to a significant reduction in government borrowings for budgetary support from the banking system. International oil prices are expected to stay within a narrow band. International Commodities are in turmoil, with oil trading at low prices within a narrow band. Globally, World Bank has predicted an economic slowdown in the developed economies. This provides dual benefits to Pakistan as on one hand, our current account will benefit due to lower oil import bill and secondly, global investors will look to invest in markets offering higher yields.

Despite the continued political chaos putting the economic recovery in doldrums, the Government decision to go forward with the privatization of OGDCL with proceeds expected to be around \$800 million shows the commitment to structural reforms. In the short term, Government will face setbacks, but continued attention on bringing the economy on track by working on the reforms will reap fruits in the future. Securities listed on the Karachi Stock Exchange have continued to show resilience as broad market valuations remain attractive. With a population of almost 200 million, most of the listed equity securities continue to show strong growth coupled with pricing power to pass on the inflationary pressures. The Karachi Stock Exchange trades at an attractive P/E of 8.44x, EPS growth of 15% ROE of 21.98% and a dividend yield of 5.57%. While the benchmark KSE-100 continues to test new highs, our investment strategy would remain to focus on stocks with earnings growth potential while trading below its intrinsic value.

Money Market Review

Recent gains in confidence in the economy, backed by improvement in key indicators, need to be nurtured to ensure their sustainability. For instance, average inflation remained in single digits during FY14 and was recorded at 8.6%. Economic activity has improved and further reforms, especially in the energy sector, would help consolidate the momentum.

Indicators of current economic growth activity are looking better as well. Real GDP showed a growth of 4.1% for FY14. Furthermore, SBP auctioned T-bills and PIB's of various maturities. In total 26 T-bill auctions were conducted during the year where the government managed to raise PKR 6.642trn, with the majority of the amount being raised in 2QFY14. The SBP conducted 12 PIBs auction in FY14 and raised 2.083 trillion. The current year witnessed a rise in PIBs yields with the latest 3-year paper being auctioned at 12.59%, 5-year 12.99% and 10-year paper at 13.45%.

Future Outlook

After facing a sluggish patch of low growth since 2008, economic activity in Pakistan finally started to show signs of an upheaval in FY14. Although low inflation might weigh-in positively on market sentiments, it is the future path of inflation that matters to a country's economy. The current outlook of around 8% average CPI inflation for FY15 might be adversely affected, if the current subsidy to the power sector is withdrawn and Gas Infrastructure Development Cess (GIDC) is levied on industrial consumers.

Real GDP growth is also expected to touch 4.2% by the end of FY15 as Government initiates flood reconstruction programs in a bid to revamp the damage caused by the calamity. Wide-market consensus of the PKR depreciating against the USD and settling in around PKR 105 by the end of FY15 is also expected to yield in positive results for Pakistani exporters. However, what needs to be understood here is that depreciation of the rupee would come in at the cost of increased inflation as commodity prices rise up North.

A shift in policy can also not be ruled out of the cards as the Government's focus seems to be shifting towards increasing the tax base & cutting down on subsidies to the energy sector (in line with IMF's preconditions) so as to make the government rely less on additional financing via money market and bond auctions. Going forwards, bond yields are expected to be range bound whereas as the T-Bill yields would go in line with the discount rate, as we expect the government to maintain status-quo for FY15.

xi) Disclosure on distribution (if any), comprising:-

- **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 Officer on behalf of Board of Directors of AKD Investment Management Limited (AKDIML) approved and declared following interim dividends payout from July 1st 2013 to June 30th 2014:

Distribution			
Declared on	Bonus	Cum NAV	Ex NAV
Jul 30 2013	0.5961%	50.29806	50
Sep 03 2013	0.7708%	50.38538	50
Oct 01 2013	0.5698%	50.28488	50
Oct 29 2013	0.6470%	50.32352	50
Dec 03 2013	0.7017%	50.35083	50
Dec 31 2013	0.6836%	50.34180	50
Feb 04 2014	0.8336%	50.41678	50
Mar 04 2014	0.6589%	50.32947	50
Apr 01 2014	0.6856%	50.34279	50
Apr 29 2014	0.6897%	50.34483	50
Jun 03 2014	0.8412%	50.42062	50

The Board of AKD Investment Management Limited has also approved the following distribution in their meeting held on June 26, 2014:

Jun 27 2014	0.6252%	50.31261	50
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- 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 the manager's report, not otherwise disclosed in the financial statements:**

There were no significant changes in the state of affairs during the year under review.

- xiii) **Break down of unit holdings by size:**

Range (Units)	No. of Investors
0.1 - 9,999	25
10,000 - 49,999	20
50,000 - 99,999	3
100,000 - 499,999	12
500,000 and above	7
	67

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

There was no unit split during the year.

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

Investments are subject to credit 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 brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

DETAILS OF PATTERN OF HOLDING (UNITS)

As At June 30, 2014

	Units Holders	Units Held	% of Total
Associated Companies	1	370,821	3.63%
Directors and CEO	-	-	-
Individuals	46	1,427,802	13.99%
Insurance Companies	2	351,783	3.45%
Banks and DFIs	3	1,752,770	17.17%
NBFCs*	-	-	-
Retirement Funds	8	971,569	9.52%
Public Limited Companies	4	4,089,242	40.06%
Others	3	1,243,110	12.18%
Total	67	10,207,097	100.00%

*Other than AKD Investment Management Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

AKD CASH FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Cash Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 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, 2014

Aftab Ahmed Diwan
Chief Operating Officer
Central Depository Company of Pakistan Limited

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Mr. M. Ramzan Sheikh Mr. Ali Wahab Siddiqui* Mr. Hasan Ahmed*
Executive Directors	Mr. Imran Motiwala - Chief Executive Officer Mr. Nadeem Saulat Siddiqui
Non Executive Directors	Mr. Ahmed Abdul Sattar* Mr. Abdul Karim Memon*

*Approval from SECP awaited

The independent directors meet the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors of the Management Company have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on December 30, 2013 was filled up by the directors within the statutory period of 90 days. Applications have been filed with the Securities and Exchange Commission of Pakistan for the approval of the appointments of four directors of the Management Company under the Fit and Proper Criteria specified under the NBFC Regulation 2008. However the approval of the SECP is still awaited.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have taken place to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including the appointment and determination of the remuneration and terms and conditions of the employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. However, during the year no training programs were arranged for any of the Directors of the Management Company.
10. No new appointment of CFO and Company Secretary has been made during the year. However the Board has approved appointment of Head of Internal Audit during the year including the remuneration and terms and conditions of employment.
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 CEO and CFO 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. It comprises three members, of whom all are non-executive directors and Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. The Committee 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 ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim / final results, and business decisions, which may materially affect the unit price of Fund, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with, except that the Board put in place an annual evaluation mechanism of its own evaluation, which was approved by the Board in its meeting held on September 27, 2014.

For and on behalf of the Board

Karachi: September 27, 2014

Imran Motiwala
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of AKD Investment Management Limited, the Management Company (the Company) of **AKD Cash Fund** (the Fund) for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange where the Fund is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length 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 the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

	Reference	Description
(i)	Paragraph 9	No training programs were arranged for the directors of the Management Company during the year.
(ii)	Paragraph 23	The mechanism for annual evaluation of the Board's performance as per the requirements of the Code was approved by the Board on September 27, 2014.

Further we draw attention to paragraph 4 of the Statement regarding the approval of directors, which is pending with the Securities and Exchange Commission of Pakistan.

Karachi: September 27, 2014

M. Yousuf Adil Saleem & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **AKD Cash Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2014 and the related income statement, distribution statement, statement of movements in unit holders' fund, cash flow statement and a summary of significant accounting policies together with other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's financial position as at June 30, 2014, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Karachi: September 27, 2014

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Engagement Partner: Mushtaq Ali Hirani

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2014

	Note	2014 (Rupees in '000)	2013
ASSETS			
Bank balances	4	3,516	104,101
Investments	5	511,151	420,987
Profit receivable on bank deposit		118	56
Prepayments		64	72
Preliminary expenses and floatation costs	6	575	800
Total assets		515,424	526,016
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	7	1,241	1,025
Payable to Central Depository Company of Pakistan Limited - Trustee	8	53	52
Payable to Securities and Exchange Commission of Pakistan	9	373	187
Accrued expenses and other liabilities	10	1,694	916
Payable on redemption of units		1,027	25,790
Total liabilities		4,388	27,970
NET ASSETS		511,036	498,046
UNIT HOLDERS' FUND (as per statement attached)		511,036	498,046
CONTINGENCIES AND COMMITMENTS			
	11		
		(Number of units)	
Number of units in issue		10,207,097	9,886,196
		(Rupees)	
Net asset value per unit		50.0667	50.3779
Face value per unit		50.00	50.00

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 (Rupees in '000)	2013
INCOME			
Income from government securities		45,752	22,922
Profit on bank deposits		1,278	808
Capital (loss) / gain on sale of investments		(189)	22
		46,841	23,752
Unrealized (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(30)	73
Total income		46,811	23,825
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Comp	7	1,714	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8	746	427
Annual fee - Securities and Exchange Commission of Pakistan	9	373	187
Auditors' remuneration	12	223	210
Bank charges		44	32
Amortisation of preliminary expenses and floatation costs	6	225	225
Security transaction costs		18	10
Fees and subscription		40	35
Legal and professional		133	140
Printing and related costs		181	194
Sales tax & Federal Excise Duty on mangement fee		592	-
Provision for Workers' Welfare Fund	13	844	480
Total expenses		5,133	1,940
Net income from operating activities		41,678	21,885
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(342)	1,628
Net income for the year before taxation		41,336	23,513
Taxation	14	-	-
Net income for the year after taxation		41,336	23,513
Other comprehensive income for the year		-	-
Total comprehensive income for the year		41,336	23,513
Earnings per unit - basic and diluted	3.9	-	-

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Undistributed income brought forward		
- Realised Income	3,664	1,011
- Unrealised income / (loss)	73	(11)
	3,737	1,000
Final distribution for the year ended June 30, 2012:		
- Re. 0.49 per unit on July 09, 2012		
- Issue of 20,001 bonus units @ Rs. 50 per unit	-	(1,000)
Interim distribution:		
- Re. 0.34 per unit on July 31, 2012		
- Issue of 13,574 bonus units @ Rs. 50 per unit	-	(679)
Interim distribution:		
- Re. 0.67 per unit on September 4, 2012		
- Cash distribution	-	(1)
- Issue of 29,625 bonus units @ Rs. 50 per unit	-	(1,481)
Interim distribution:		
- Re. 0.32 per unit on October 2, 2012		
- Issue of 19,732 bonus units @ Rs. 50 per unit	-	(987)
Interim distribution:		
- Re. 0.32 per unit on October 31, 2012		
- Issue of 35,240 bonus units @ Rs. 50 per unit	-	(1,762)
Interim distribution:		
- Re. 0.38 per unit on December 4, 2012		
- Issue of 37,663 bonus units @ Rs. 50 per unit	-	(1,883)
Interim distribution:		
- Re. 0.33 per unit on January 1, 2013		
- Issue of 32,442 bonus units @ Rs. 50 per unit	-	(1,622)
Interim distribution:		
- Re. 0.31 per unit on January 29, 2013		
- Issue of 31,567 bonus units @ Rs. 50 per unit	-	(1,578)
Interim distribution:		
- Re. 0.32 per unit on February 26, 2013		
- Issue of 35,879 bonus units @ Rs. 50 per unit	-	(1,794)
Interim distribution:		
- Re. 0.40 per unit on April 02, 2013		
- Issue of 49,803 bonus units @ Rs. 50 per unit	-	(2,490)
Interim distribution:		
- Re. 0.33 per unit on April 30, 2013		
- Issue of 47,087 bonus units @ Rs. 50 per unit	-	(2,354)
Interim distribution:		
- Re. 0.40 per unit on June 04, 2013		
- Issue of 62,894 bonus units @ Rs. 50 per unit	-	(3,145)
Final distribution for the year ended June 30, 2013:		
- Re. 0.38 per unit on July 08, 2013		
- Issue of 74,724 bonus units @ Rs. 50 per unit	(3,737)	-

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	2014 (Rupees in '000)	2013
Interim distribution:		
- Re. 0.30 per unit on July 30, 2013		
- Issue of 58,171 bonus units @ Rs. 50 per unit	(2,908)	-
Interim distribution:		
- Re. 0.39 per unit on September 3, 2013		
- Issue of 80,711 bonus units @ Rs. 50 per unit	(4,035)	-
Interim distribution:		
- Re. 0.28 per unit on October 1, 2013		
- Issue of 66,084 bonus units @ Rs. 50 per unit	(3,304)	-
Interim distribution:		
- Re. 0.32 per unit on October 29, 2013		
- Issue of 67,330 bonus units @ Rs. 50 per unit	(3,367)	-
Interim distribution:		
- Re. 0.35 per unit on December 3, 2013		
- Issue of 72,675 bonus units @ Rs. 50 per unit	(3,634)	-
Interim distribution:		
- Re. 0.34 per unit on December 31, 2013		
- Issue of 73,403 bonus units @ Rs. 50 per unit	(3,670)	-
Interim distribution:		
- Re. 0.42 per unit on February 4, 2014		
- Issue of 73,917 bonus units @ Rs. 50 per unit	(3,696)	-
Interim distribution:		
- Re. 0.33 per unit on March 4, 2014		
- Issue of 61,834 bonus units @ Rs. 50 per unit	(3,092)	-
Interim distribution:		
- Re. 0.34 per unit on April 1, 2014		
- Issue of 66,376 bonus units @ Rs. 50 per unit	(3,319)	-
Interim distribution:		
- Re. 0.34 per unit on April 29, 2014		
- Issue of 65,921 bonus units @ Rs. 50 per unit	(3,296)	-
Interim distribution:		
- Re. 0.42 per unit on June 3, 2014		
- Issue of 74,494 bonus units @ Rs. 50 per unit	(3,725)	-
Interim distribution:		
- Re. 0.31 per unit on June 27, 2014		
- Issue of 52,184 bonus units @ Rs. 50 per unit	(2,609)	-
	(44,392)	(20,776)
Net income for the year	41,336	23,513
Unappropriated income carried forward	681	3,737
Realized income	711	3,664
Unrealized (loss) / income	(30)	73
	681	3,737

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 (Rupees in '000)	2013
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year before taxation		41,336	23,513
Adjustments for non-cash and other items			
Capital loss / (gain) on sale of investments		189	(22)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		342	(1,628)
Unrealized diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		30	(73)
Amortisation of preliminary expenses and floatation costs		225	225
Remuneration of Central Depository Company of Pakistan Limited - Trustee		746	427
Remuneration of AKD Investment Management Limited - Management Company		1,714	-
		44,582	22,442
(Increase) / decrease in assets			
Investments - net		(224,048)	(72,015)
Profit receivable on bank deposit		(62)	27
Prepayments		8	-
		(224,102)	(71,988)
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		75	(100)
Payable to Securities and exchange commission of pakistan		186	155
Accrued expenses and other liabilities		778	574
Payable on redemption of units		(24,763)	25,790
		(23,724)	26,419
Remuneration paid to AKD Investment Management Limited - Management Company		(1,573)	-
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		(745)	(390)
Net cash used in operating activities		(205,562)	(23,517)
B. CASH FLOW FROM FINANCING ACTIVITIES			
Net receipts / (payments) against issuance / redemptions of units		(28,688)	373,695
Dividend paid		-	(1)
Net cash (used in) / generated from financing activities		(28,688)	373,694
Net (decrease) / increase in cash and cash equivalents during the year (A+B)		(234,250)	350,177
Cash and cash equivalents at beginning of the year		452,978	102,801
Cash and cash equivalents at end of the year	4.2	218,728	452,978

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2014

	2014 (Rupees in '000)	2013
Net assets at beginning of the year	498,046	102,467
Issue of 14,010,076 units (2013 : 11,317,991 units)	702,831	568,476
Redemption of 14,576,999 units (2013 : 3,876,637 units)	(731,519)	(194,781)
	(28,688)	373,695
Issue of 887,824 bonus units (2013: 415,507 units)	44,392	20,775
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		
- amount representing losses / (gains) and capital losses / (gains) - transferred to Income Statement	342	(1,628)
Other net income for the year	41,555	23,418
Capital (loss) / gain on sale of investments	(189)	22
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	(30)	73
Final distribution for the year ended June 30, 2013:		
- Re. 0.38 per unit on July 08, 2013		
- Issue of 74,724 bonus units @ Rs. 50 per unit	(3,737)	-
Final distribution for the year ended June 30, 2012:		
- Re. 0.49 per unit on July 09, 2012		
- Issue of 20,001 bonus units @ Rs. 50 per unit	-	(1,000)
Interim distribution:		
- Re. 0.30 per unit on July 30, 2013		
- Issue of 58,171 bonus units @ Rs. 50 per unit	(2,908)	-
Interim distribution:		
- Re. 0.34 per unit on July 31, 2012		
- Issue of 13,574 bonus units @ Rs. 50 per unit	-	(679)
Interim distribution:		
- Re. 0.39 per unit on September 3, 2013		
- Issue of 80,711 bonus units @ Rs. 50 per unit	(4,035)	-
Interim distribution:		
- Re. 0.67 per unit on September 4, 2012		
- Cash distribution	-	(1)
- Issue of 29,625 bonus units @ Rs. 50 per unit	-	(1,481)
Interim distribution:		
- Re. 0.28 per unit on October 1, 2013		
- Issue of 66,084 bonus units @ Rs. 50 per unit	(3,304)	-
Interim distribution:		
- Re. 0.32 per unit on October 29, 2013		
- Issue of 67,330 bonus units @ Rs. 50 per unit	(3,367)	-
Interim distribution:		
- Re. 0.32 per unit on October 2, 2012		
- Issue of 19,732 bonus units @ Rs. 50 per unit	-	(987)

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Interim distribution:		
- Re. 0.32 per unit on October 31, 2012		
- Issue of 35,240 bonus units @ Rs. 50 per unit	-	(1,762)
Interim distribution:		
- Re. 0.35 per unit on December 3, 2013		
- Issue of 72,675 bonus units @ Rs. 50 per unit	(3,634)	-
Interim distribution:		
- Re. 0.34 per unit on December 31, 2013		
- Issue of 73,403 bonus units @ Rs. 50 per unit	(3,670)	-
Interim distribution:		
- Re. 0.38 per unit on December 4, 2012		
- Issue of 37,663 bonus units @ Rs. 50 per unit	-	(1,883)
Interim distribution:		
- Re. 0.33 per unit on January 1, 2013		
- Issue of 32,442 bonus units @ Rs. 50 per unit	-	(1,622)
Interim distribution:		
- Re. 0.31 per unit on January 29, 2013		
- Issue of 31,567 bonus units @ Rs. 50 per unit	-	(1,578)
Interim distribution:		
- Re. 0.42 per unit on February 4, 2014		
- Issue of 73,917 bonus units @ Rs. 50 per unit	(3,696)	-
Interim distribution:		
- Re. 0.32 per unit on February 26, 2013		
- Issue of 35,879 bonus units @ Rs. 50 per unit	-	(1,794)
Interim distribution:		
- Re. 0.33 per unit on March 4, 2014		
- Issue of 61,834 bonus units @ Rs. 50 per unit	(3,092)	-
Interim distribution:		
- Re. 0.34 per unit on April 1, 2014		
- Issue of 66,376 bonus units @ Rs. 50 per unit	(3,319)	-
Interim distribution:		
- Re. 0.34 per unit on April 29, 2014		
- Issue of 65,921 bonus units @ Rs. 50 per unit	(3,296)	-
Interim distribution:		
- Re. 0.40 per unit on April 02, 2013		
- Issue of 49,803 bonus units @ Rs. 50 per unit	-	(2,490)
Interim distribution:		
- Re. 0.33 per unit on April 30, 2013		
- Issue of 47,087 bonus units @ Rs. 50 per unit	-	(2,354)
Interim distribution:		
- Re. 0.42 per unit on June 3, 2014		
- Issue of 74,494 bonus units @ Rs. 50 per unit	(3,725)	-
Interim distribution:		
- Re. 0.40 per unit on June 04, 2013		
- Issue of 62,894 bonus units @ Rs. 50 per unit	-	(3,145)
Interim distribution:		
- Re. 0.31 per unit on June 27, 2014		
- Issue of 52,184 bonus units @ Rs. 50 per unit	(2,609)	-
	(3,056)	2,737
Net assets at end of the year	511,036	498,046

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi in the province of Sindh.

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

The Fund has been categorized as an Open End Money Market Fund as per criteria laid down by SECP for categorization of Collective Investment Scheme (CIS). The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments, money market placements, deposits, certificate of deposits (COD), certificate of mushrakas (COM), commercial paper, reverse repo transaction. Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating Agency Ltd.(PACRA) has assigned an asset manager rating of 'AM3' to the management company and JCR-VIS Credit Rating Company Limited has assigned fund stability rating of 'AA+(f)' to the fund dated September 26, 2014.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2014

The following standards, amendments and interpretations are effective for the year ended June 30, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / amendments / interpretations	Effective date (accounting periods beginning on or after)
<i>Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information</i>	January 1, 2013
<i>Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment</i>	January 1, 2013
<i>Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction</i>	January 1, 2013
<i>Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities</i>	January 1, 2013
<i>Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities</i>	January 1, 2013
<i>IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine</i>	January 1, 2013
<i>The amendments to IAS 19 - Employee Benefits</i>	January 1, 2013

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures except for amendments in IAS 19.

Standards / amendments / interpretations	Effective for annual periods beginning on or after
<i>Amendments to IAS 19 Employee Benefits: Employee contributions</i>	July 1, 2014
<i>IAS 27 (Revised 2011) – Separate Financial Statements</i>	January 1, 2015
<i>IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures</i>	January 1, 2015
<i>Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities</i>	January 1, 2014
<i>IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>	January 1, 2014
<i>IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting</i>	January 1, 2014
<i>IFRS 10 – Consolidated Financial Statements</i>	January 1, 2015
<i>IFRS 11 – Joint Arrangements</i>	January 1, 2015
<i>IFRS 12 – Disclosure of Interests in Other Entities</i>	January 1, 2015
<i>IFRS 13 – Fair Value Measurement</i>	January 1, 2015
<i>IFRIC 21 - Levies</i>	January 1, 2014

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan.

Standards or interpretations

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 9 – Financial Instruments

IFRS 14 – Regulatory Deferral Accounts

IFRS 15 – Revenue from Contracts with Customers

2.4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2 and note 5).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement**a) Financial assets at fair value through profit or loss**

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' are valued as follows:

- Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan in accordance with the requirements of the NBFC Regulations.

Net gains and losses arising from changes in the fair value of financial assets 'at fair value through profit or loss' are taken to the 'income statement'.

b) Loans and receivables

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortized cost using the effective interest method. Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.2.5 Impairment

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

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

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and liabilities

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

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4 Derivatives

Derivatives instruments are intially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognized in the Income Statement.

3.5 Preliminary expenses and floatation costs

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

3.6 Provisions

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

3.7 Taxation

The Fund's income is exempt from Income Tax as per clause 99 of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management Company has distributed the required percentage of the Fund's accounting income for the year ended June 30, 2014 to its unit holders. Accordingly, no liability has been recorded in the current year.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

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

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

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

3.9 Earnings per unit

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

3.10 Issue and redemption of units

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

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

3.11 Net asset value per unit

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

3.12 Proposed Distributions and transfer between reserves

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

3.13 Revenue recognition

- Realized capital gains/(losses) arising on sale of investments are included in the Income Statement on the date at which the transactions takes place.
- Income on government securities & bank deposits and placements is recognized on an accrual basis. In case of financial assets classified as non-performing ,income is recognized on receipt basis.
- Income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' category are included in the income statement in the period in which they arise.

	Note	2014 (Rupees in '000)	2013
4. BANK BALANCES			
In current accounts		10	10
In savings accounts	4.1	3,506	104,091
		3,516	104,101
4.1	These carry mark up at the rates ranging from 7% to 8.5% (2013 : 6 % to 8 %)		
4.2 CASH AND CASH EQUIVALENTS			
Bank Balances	4	3,516	104,101
Market Treasury Bills having original maturity of upto three months		215,212	348,877
		218,728	452,978
5. INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Government securities	5.1	511,151	420,987

5.1 Government securities

Market Treasury Bills

Issue date	Tenor	Face value				Balance at June 30, 2014			Market value as a percentage of net assets	Market value as a percentage of investments
		As at July 1, 2013	Purchase during the year	Sales / matured during the year	Balance at June 30, 2014	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
18-Apr-13	3 Months	75,000	-	75,000	-	-	-	-	-	-
2-May-13	3 Months	150,000	-	150,000	-	-	-	-	-	-
16-May-13	3 Months	65,000	-	65,000	-	-	-	-	-	-
16-May-13	6 Months	25,000	-	25,000	-	-	-	-	-	-
30-May-13	3 Months	20,000	-	20,000	-	-	-	-	-	-
13-Jun-13	3 Months	36,000	-	36,000	-	-	-	-	-	-
27-Jun-13	3 Months	5,500	-	5,500	-	-	-	-	-	-
27-Jun-13	6 Months	50,000	-	50,000	-	-	-	-	-	-
30-May-13	6 Months	-	50,000	50,000	-	-	-	-	-	-
30-May-13	1 Year	-	225,000	225,000	-	-	-	-	-	-
30-May-13	1 Year	-	10,000	10,000	-	-	-	-	-	-
24-Jan-13	6 Months	-	75,000	75,000	-	-	-	-	-	-
12-Jul-13	3 Months	-	76,500	76,500	-	-	-	-	-	-
12-Jul-13	3 Months	-	50,000	50,000	-	-	-	-	-	-
25-Jul-13	3 Months	-	45,000	45,000	-	-	-	-	-	-
25-Jul-13	3 Months	-	75,000	75,000	-	-	-	-	-	-
25-Jul-13	3 Months	-	90,000	90,000	-	-	-	-	-	-
7-Aug-13	3 Months	-	72,000	72,000	-	-	-	-	-	-
7-Aug-13	3 Months	-	25,000	25,000	-	-	-	-	-	-
5-Sep-13	3 Months	-	60,000	60,000	-	-	-	-	-	-
19-Sep-13	3 Months	-	15,000	15,000	-	-	-	-	-	-
3-Oct-13	3 Months	-	165,500	165,500	-	-	-	-	-	-
21-Oct-13	3 Months	-	225,000	225,000	-	-	-	-	-	-
31-Oct-13	3 Months	-	50,000	50,000	-	-	-	-	-	-
31-Oct-13	3 Months	-	100,000	100,000	-	-	-	-	-	-
13-Nov-13	3 Months	-	50,000	50,000	-	-	-	-	-	-
28-Nov-13	3 Months	-	50,000	50,000	-	-	-	-	-	-
26-Dec-13	3 Months	-	169,000	169,000	-	-	-	-	-	-
9-Jan-14	3 Months	-	225,000	225,000	-	-	-	-	-	-
23-Jan-14	3 Months	-	115,000	115,000	-	-	-	-	-	-
23-Jan-14	6 Months	-	200,000	-	200,000	198,768	198,773	5	38.90	38.89
20-Feb-14	3 Months	-	35,000	35,000	-	-	-	-	-	-
28-Feb-14	2 Months	-	225,000	225,000	-	-	-	-	-	-
28-Feb-14	2 Months	-	10,000	10,000	-	-	-	-	-	-
20-Mar-14	3 Months	-	62,500	62,500	-	-	-	-	-	-
20-Mar-14	6 Months	-	50,000	-	50,000	48,971	48,947	(24)	9.58	9.58
17-Apr-14	3 Months	-	110,000	65,000	45,000	44,892	44,896	4	8.79	8.78
17-Apr-14	3 Months	-	50,000	-	50,000	49,879	49,884	5	9.76	9.76
17-Apr-14	3 Months	-	46,000	-	46,000	45,889	45,892	3	8.98	8.98
2-May-14	3 Months	-	60,000	-	60,000	59,633	59,632	(1)	11.67	11.67
2-May-14	3 Months	-	30,000	15,000	15,000	14,908	14,908	-	2.92	2.92
15-May-14	6 Months	-	50,000	-	50,000	48,241	48,219	(22)	9.44	9.43
Total - 2014		426,500	2,946,500	2,857,000	516,000	511,181	511,151	(30)		
Total - 2013						420,914	420,987	73		

	Note	2014 (Rupees in '000)	2013
6. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance	6.1	800	1,025
Less: amortisation during the year		(225)	(225)
Balance as at 30th June		<u>575</u>	<u>800</u>

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

	Note	2014 (Rupees in '000)	2013
7. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	7.1	141	-
Preliminary expenses and floatation cost		800	1,025
Sales tax payable		26	-
Federal Excise Duty on management remuneration	7.2	274	-
		<u>1,241</u>	<u>1,025</u>

- 7.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations), the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. However, the Management Company with the prior approval of the Securities and Exchange Commission of Pakistan (SECP) reduced management fee from 1.25% (defined in Offering document) to 0% (Zero) from January 21, 2012 till August 22, 2013 subject to a restriction that the net assets of the fund should not exceed Rs. 0.5 billion. Therefore from August 23 2013, the Management Company with the prior approval of the SECP vide letter No. SCD/AMCW/AKDCF/657/2013 dated July 23, 2013 charged management fee as per the following slab:

Net Assets	Management Fee (per annum)
Upto Rs.1 billion	0.40%
Rs. 1 billion to 1.5 billion	0.50%
Over Rs. 1.5 billion	As per offering document i.e. 1.25%

- 7.2** The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. However the MUFAP has filed a petition in the Sindh High Court (SHC) challenging the levy of FED on assets management services. The SHC in its short order dated September 4, 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to make the provision of FED in these financial statements which aggregates to Rs. 0.274 million as at June 30, 2014. Had the said provision of FED not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher marginally by Re. 0.0268 per unit.

8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services to be rendered to the fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily Net Assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
From July 1, 2013 to June 30, 2014	
Upto Rs.1 billion	0.15 % p.a. of net assets
Rs. 1 billion to 10 billion	Rs.1.5 million plus 0.075% p.a.of net assets exceeding Rs.1 billion
Over Rs. 10 billion	Rs.8.25 million plus 0.06% p.a.of net assets exceeding Rs.10 billion

The remuneration is paid to the Trustee monthly in arrears

9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Fund is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

	Note	2014 (Rupees in '000)	2013
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration	12	176	210
Provision for workers' welfare fund	13	1,413	570
Other		105	136
		1,694	916

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2014 (June 30, 2013 : Nil)

	2014 (Rupees in '000)	2013
12. AUDITORS' REMUNERATION		
Annual statutory audit fee	125	125
Fee for review of statement of compliance with the Code of Corporate Governance	25	25
Half yearly review fee	35	35
Out of pocket expenses and other taxes	38	25
	223	210

13. 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 adjudication.

On July 15, 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 the nature of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In year 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In 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.

However, as per our legal counsel the stay granted to Collective Investment Schemes (CIS) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by SHC judgment.

During the current year, the Honorable Peshawar High Court on a petition filed by certain aggrieved parties (other than mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 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.

As a matter of abundant prudence, management company has decided to continue and retain the provision for WWF amounting to Rs. 1.413 million (including Rs. 0.844 million for the current year) in these financial statements. The net asset value of the fund as at June 30, 2014 would have been higher by Re. 0.138 per unit (0.28%), if the same were not recognized.

14. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. (Refer note 3.7)

15. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

15.1 Transactions during the year

	2014	2013
	-----Rupees 000-----	
AKD Investment Management Limited - Management Company		
Purchase of 1,554,989 units (2013: 649,564)	77,900	32,583
Issue of bonus 24,169 units (2013: 8,965)	1,208	448
Redemption of 1,208,337 units (2013: 658,529)	60,624	33,135
Management fee	1,714	-
Sales tax on management fee	318	-
Provision for Federal Excise Duty on management fee	274	-
Reimbursement of Preliminary expenses and floatation costs	225	100
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	746	427
AKD Investment Management Limited - Staff Provident Fund		
Purchase of 191,428 units (2013: 119,547)	9,602	6,015
Issue of bonus 1,283 units (2013: 2,470)	64	124
Redemption of 169,710 units (2013: 195,653)	8,535	9,817
AKD Aggressive Income Fund		
Purchase of Treasury Bills Nil (2013: FV 10 million)	-	9,944
Key Management Personnel and others		
Spouse- Chief Executive Officer		
Purchase of Nil units (2013: 9,798)	-	492
Issue of bonus Nil units(2013: 66)	-	3
Redemption of Nil units (2013: 9,864)	-	496
Spouse- Chief Operating Officer / Company Secretary		
Issue of bonus Nil units (2013: 15)	-	1
Redemption of Nil units (2013: 1,496)	-	75
Unit holder holding 10% or more of the units in issue		
Fauji Fertilizer Bin Qasim Limited		
Purchase of 1,995,183 units (2013: Nil)	100,000	-
Issue of bonus 75,662 units (2013: Nil)	3,783	-
Redemption of 1,036,877 units (2013: Nil)	52,109	-
Arabian Sea Enterprises Limited		
Purchase of Nil units (2013: 913,999)	-	45,786
Issue of bonus 90,971 units (2013: 48,952)	4,549	2,448

	2014	2013
	-----Rupees 000-----	
15.2 Amounts outstanding as at year end		
AKD Investment Management Limited - Management Company		
Management fee payable	141	-
Sales Tax on management fee	26	-
Federal Excise Duty on management fee	274	-
Preliminary expenses and floatation costs	800	1,025
Units held 370,821 (2013: Nil)	18,566	-
AKD Investment Management Limited - Staff Provident Fund		
Units held 23,001 (2013: Nil)	1,152	-
AKD Aggressive Income Fund		
Payable against conversion of units	-	25,790
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	53	52
Unit holder holding 10% or more of the units in issue		
Fauji Fertilizer Bin Qasim Limited		
Units held 1,033,968 (2013: Nil)	51,767	-
Arabian Sea Enterprises Limited		
Units held 1,053,922 (2013: 962,951)	52,766	48,511

16. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

	Designation	Qualification	Experience in years	
1	Mr. Imran Motiwala	Chief Executive Officer	BBA	20
2	Miss Anum Dhedhi	Chief Investment Officer	BSc	3
3	Mr. Muhammad Yaqoob	Chief Operating Officer, Company Secretary and Fund Manager of Golden Arrow Selected Stocks Fund Limited, AKD Opportunity Fund and AKD Aggressive Income Fund	MBA	10
4	Mr. Nadeem Saulat Siddiqui	Head of Public Relationship	MBA	21
5	Mr. Carrow Michael	Head of Risk Management	MBA	8
6	Miss Saba Mahmood	Fund Manager - AKD Cash Fund and AKD Index Tracker Fund	MBA	1

17. BROKER / DEALER BY PERCENTAGE OF COMMISSION PAID	2014 %	2013 %
Invest Capital Markets Limited	85	10
Arif Habib Limited	13	-
Global Securities Pakistan Limited	2	-
Invest One Markets Limited	-	40
Pearl Securities Limited	-	40
Invest & Finance Securities Limited	-	6
BMA Capital Management Limited	-	4
	100	100

18. PATTERN OF UNIT HOLDINGS	As at June 30, 2014		
	Number of unit holders	Investment amount	Percentage of investment
	(Rupees in '000)		
Individuals	46	71,485	13.99
Insurance Company	2	17,613	3.45
Bank and DFIs	3	87,756	17.17
NBFCs	1	18,566	3.63
Public Limited Companies	4	204,735	40.06
Retirement Funds	8	48,643	9.52
Others	3	62,238	12.18
	67	511,036	100.00

	As at June 30, 2013		
	Number of unit holders	Investment amount	Percentage of investment
	(Rupees in '000)		
Individuals	43	46,543	9.35
Bank and DFIs	3	87,232	17.51
Public Limited Companies	4	214,568	43.08
Retirement funds	10	90,522	18.18
Others	5	59,181	11.88
	65	498,046	100.00

19. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the year 52nd, 53rd, 54th, 55th, 56th, 57th and 58th Board meetings were held on July 8, 2013, October 10, 2013, October 29, 2013, November 28, 2013, February 21, 2014, April 21, 2014 and June 26, 2014 respectively. Information in respect of attendance by Directors in these meetings is given below:

Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
Mr. Abdul Karim Memon	7	7	-	-
Mr. Imran Motiwala	7	7	-	-
Mr. Nadeem Saulat Siddiqui	7	7	-	-
Mr. Ali Wahab Siddiqui	7	7	-	-
Mr. Ahmed Abdul Sattar**	6	6	-	-
Mr. M. Ramzan Sheikh	7	-	7	All
Mr. Aurangzeb Ali Naqvi*	4	4	-	-
Mr. Hasan Ahmed**	3	3	-	-

* Mr. Aurangzeb Ali Naqvi tendered his resignation on December 30, 2013.

** Mr. Ahmed Abdul Sattar and Mr. Hasan Ahmed appointed on August 6, 2013 and December 31, 2013 respectively.

20. FINANCIAL RISK MANAGEMENT

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

20.1 Market risk

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

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

20.1.1 Currency risk

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

20.1.2 Interest rate risk

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

- Sensitivity analysis for fixed rate instruments

Presently, the Fund holds PKRV based interest bearing Market treasury bills exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in PKRV Rates, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 0.481 million (2013: Rs. 0.596 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association is expected to change over time. Further, in case of variable rate instruments, the sensitivity analysis has been done from the last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The Fund's MROR Sensitivity related to financial assets and financial liabilities can be determined from the following:

As at June 30, 2014						
Effective rate of mark-up / return	----- Exposed to Yield / Interest risk -----			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
On-balance sheet financial instruments	% -----(Rupees in '000)-----					
Financial Assets						
Bank balances	7.00 - 8.50	3,506	-	-	10	3,516
Investments	9.83 - 9.98	462,932	48,219	-	-	511,151
Profit receivable on bank deposit		-	-	-	118	118
		466,438	48,219	-	128	514,785
Financial Liabilities						
Payable to AKD Investment Management Limited - Management Company		-	-	-	941	941
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	53	53
Payable on redemption of units		-	-	-	1,027	1,027
Accrued expenses and other liabilities		-	-	-	281	281
		-	-	-	2,302	2,302
On-balance sheet gap		466,438	48,219	-	(2,174)	512,483
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
		466,438	48,219	-	(2,174)	512,483

As at June 30, 2013						
Effective rate of mark-up / return	----- Exposed to Yield / Interest risk -----			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
On-balance sheet financial instruments	% -----(Rupees in '000)-----					
Financial Assets						
Bank balances	6.00- 8.00	104,091	-	-	10	104,101
Investments	8.91- 9.41	348,877	72,110	-	-	420,987
Profit receivable on bank deposit		-	-	-	56	56
		452,968	72,110	-	66	525,144
Financial Liabilities						
Payable to AKD Investment Management Limited - Management Company		-	-	-	1,025	1,025
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	52	52
Payable on redemption of units		-	-	-	25,790	25,790
Accrued expenses and other liabilities		-	-	-	346	346
		-	-	-	27,213	27,213
On-balance sheet gap		452,968	72,110	-	(27,147)	497,932
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
		452,968	72,110	-	(27,147)	497,932

20.1.3 Price risk

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

20.2 Credit risk

20.2.1 Credit risk management

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

The analysis below summaries the credit quality of the Fund's investments in bank balances

Bank balances by rating category

	2014	2013
	(Rupees in '000)	
A1+	<u>3,516</u>	<u>104,101</u>

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

20.2.3 Concentration of credit risk

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

20.3 Liquidity risk

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

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

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would

be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

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

	As at June 30, 2014			
	Total	Upto three months	More than three months and upto one year	More than one year
----- (Rupees in '000) -----				
Liabilities				
Payable to AKD Investment Management Limited - Management Company	941	366	-	575
Payable to Central Depository Company of Pakistan Limited - Trustee	53	53	-	-
Accrued expenses and other liabilities	281	281	-	-
Payable on redemption	1,027	1,027	-	-
	2,302	1,727	-	575

	As at June 30, 2013			
	Total	Upto three months	More than three months and upto one year	More than one year
----- (Rupees in '000) -----				
Liabilities				
Payable to AKD Investment Management Limited - Management Company	1,025	225	-	800
Payable to Central Depository Company of Pakistan Limited - Trustee	52	52	-	-
Accrued expenses and other liabilities	346	346	-	-
Payable on redemption	25,790	25,790	-	-
	27,213	26,413	-	800

20.4 Financial instruments by category

Assets

Balances with bank
Investments
Profit receivable on bank deposits

Loans and receivables	Assets at fair value through profit and loss	Total
----- 2014 -----		
(Rupees in '000)		
3,516	-	3,516
-	511,151	511,151
118	-	118
3,634	511,151	514,785

	Other financial liabilities	Liabilities at fair value through profit and loss	Total
-----2014-----			
(Rupees in '000)			
Liabilities			
Payable to management company	1,241	-	1,241
Payable to trustee's	53	-	53
Accrued expenses and other liabilities including redemption payable	1,308	-	1,308
	<u>2,602</u>	<u>-</u>	<u>2,602</u>

	Loans and receivables	Assets at fair value through profit and loss	Total
-----2013-----			
(Rupees in '000)			
Assets			
Balances with bank	104,101	-	104,101
Investments	-	420,987	420,987
Profit receivable on bank deposits	56	-	56
	<u>104,157</u>	<u>420,987</u>	<u>525,144</u>

	Other financial liabilities	Liabilities at fair value through profit and loss	Total
-----2013-----			
(Rupees in '000)			
Liabilities			
Payable to management company	1,025	-	1,025
Payable to Central Depository Company of Pakistan Limited - the Trustee	52	-	52
Accrued expenses and other liabilities	26,136	-	26,136
	<u>27,213</u>	<u>-</u>	<u>27,213</u>

20.5 Fair value of financial assets and liabilities

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

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

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

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

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

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

	As at June 30, 2014			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
ASSETS				
Investment in securities - at fair value through profit or loss	-	511,151	-	-
	As at June 30, 2013			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
ASSETS				
Investment in securities - at fair value through profit or loss	-	420,987	-	-

21. UNIT HOLDER'S FUND RISK MANAGEMENT

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

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

In accordance with the risk management policies stated in note 20, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments or short-term borrowings where necessary.

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 27, 2014 by the Board of Directors of the Management Company.

23. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

PERFORMANCE TABLE

	2014	2013	2012
Total net assets value (Rs '000)*	511,036	498,046	102,467
Net assets value per unit - (Rs)*	50.0667	50.0000	50.0000
Selling price as at June 30 (Rs)	50.0667	50.3779	50.4929
Repurchase price as at June 30 (Rs)*	50.0667	50.0000	50.0000
Highest selling price (Rs)	50.4605	50.7088	50.6077
Lowest selling price (Rs)	50.0288	50.0410	50.0000
Highest repurchase price (Rs)	50.4605	50.7088	50.6077
Lowest repurchase price (Rs)	50.0288	50.0410	50.0000
Return of the Fund			
- capital growth (Rs '000)	12,990	395,579	4,412
- income distribution (Rs '000)*	40,655	23,513	4,412
Distribution per unit			
Interim			
- Gross (2014: Announced on June 26, 2014) (Rs)***	4.1516	4.2148	1.7833
Final			
- Gross (2013: Announced on July 8, 2013, 2012: Announced on July 9, 2012) (Rs)	-	0.3779	0.4929
Average Annual Return			
- Last one year	8.77	9.58	10.49 **
- Last two years	9.17	-	-
Weighted Average Portfolio Duration	35	45	55

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

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

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

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

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



**AKD Investment
Management Ltd.**

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