

**Golden Arrow**  
SELECTED STOCKS FUND LIMITED



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



# quarterly report

**Partner  
with AKD  
Profit from the  
Experience**



**AKD Investment  
Management Ltd.**

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

Mr. Javaid Bashir Sheikh

### DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. Imran Motiwala

### DIRECTORS

Ms. Anum Dhedhi

Mr. Aurangzeb Ali Naqvi

Mr. Muhammad Siddiq Khokhar

Mr. Abdul Karim

Mr. Muzammil Abdul Karim

### AUDIT COMMITTEE

Mr. Muhammad Siddiq Khokhar (Chairman)

Mr. Abdul Karim (Member)

Mr. Aurangzeb Ali Naqvi (Member)

Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Munir Abdullah

### COMPANY SECRETARY

Mr. Muhammad Yaqoob Sultan, CFA

### HEAD OF COMPLIANCE

Mr. Rashid Ahmed

### MANAGEMENT COMPANY

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

### CUSTODIAN

Central Depository Company  
of Pakistan Limited  
CDC House 99-B, Block 'B'  
S.M.CH.S., Main Shahr-e-Faisal,  
Karachi-74400.

### AUDITORS

Deloitte Yousuf Adil

Chartered Accountants

Cavish Court, A-35, Block 7 & 8

KCHSU, Shahr-e-Faisal

Karachi-75350, Pakistan.

### LEGAL ADVISER

Ali Daraz Siddiqui

Room No. 201 Noorani Building,

Campbell Street, Opp. Distt. Court,

Karachi-74200.

### REGISTERED OFFICE

216-217, Continental Trade Centre, Block-8,  
Clifton, Karachi-74000.

### REGISTRAR & SHARE TRANSFER OFFICE

JWAFFS Registrar Services (Pvt.) Ltd.

407-408, Al Aameera Centre,

Shahr-e-Iraq, Saddar, Karachi.

Tel: 021-35662023-24

### RATING - GASSFL

PACRA: MFR 4-Star (5-year period)

PACRA: MFR 5-Star (3-year period)

PACRA: MFR 3-Star (1-year period)

### RATING-MANAGEMENT COMPANY

PACRA: AM3++ (AM Three Plus Plus)

## *Mission Statement*

To set a standard of investing in better performing and result oriented securities by adopting best business practices and ethics.

## *Vision*

To be a leading investment Company in financial industry with diversifying its business activities by good asset allocation and generating better financial results and yield to the stakeholders.

## DIRECTORS' REPORT

The Board of Directors of Golden Arrow Selected Stocks Fund Limited (GASSFL) is pleased to present its un-audited Financial Statement for the Quarter ended September 30, 2019.

### FUND'S FINANCIAL PERFORMANCE

For 1QFY20, the return of the Golden Arrow Selected Stocks Fund was -15.22% compared to the KSE-100 Index return of -5.38%.

### MACRO PERSPECTIVE

Following a decade of high GDP growth of 5.5% during FY18 the economy has undergone significant deceleration with growth slowing down to 3.3% during FY19. This slump in GDP growth can be attributed to tightening policies adopted by the new Government on the fiscal and monetary front to reign-in on the alarming imbalances of the Current Account and fiscal deficits. As per the State Bank of Pakistan (SBP), GDP is expected to grow by 3.5% during FY20, indicating a phase of economic consolidation, with the objective of bringing the country back on a sustainable growth path.

Warranted austerity measures undertaken by the Government have started to bear fruit during the ongoing year as signified by key macro indicators. Monetary tightening and a steep devaluation in the local currency has while slowing down economic activity addressed key issues providing much needed fiscal space. The current account deficit has contracted to USD 1.55 billion (2.2% of GDP) during 1QFY20 as compared to USD 4.29 billion (5.5% of GDP) registered during comparable period last year. During FY19, Current Account Deficit (CAD) peaked at USD 13.83 billion (4.9% of the GDP), which was widely flagged as being unsustainable. The ongoing narrowing of the Current Account deficit has been led by contractions in imports of goods which decreased by 23%YoY to USD 11.03 billion during 1QFY20 as compared to USD 14.28 billion in 1QFY19; coupled with a reversal in portfolio investments from an outflow of USD 185 million during 1QFY19 to an inflow of USD 344 million during 1QFY20 further improved the situation. In addition, steady growth of inward remittances continued to aid in relieving external pressures.

According to News reports, the Federal Board of Revenue (FBR) collected PKR 960 billion during 1QFY20. This collection figure includes approximately PKR 45 billion, collected from advance levies and PKR 25 billion collected through amnesty scheme. Although FBR has missed its target for the period by PKR 111 billion, against initial target of PKR 1,071 billion; tax collections have surged by 14.83% as compared to PKR 836 billion for same period last year, showing strong institutional reforms and documentation efforts bearing fruit. Moreover, FBR has received over 0.4 million new income tax filers in 1QFY20, up by ~14% as compared to 0.35 million reported last year. Furthermore, the shortfall was largely as a result of import custom duties, which contribute the most to the tax revenues collection, showing a loss of PKR 100 billion, on the back of slowdown in the economy and exchange rate effect. It is pertinent to mention that despite slowdown in the economy, the FBR has collected 25% higher revenues locally through sales tax and other indirect taxes. Therefore, it is expected that when economic activity eventually picks up, FBR would manage to collect higher taxes and come closer to meeting its ambitious FY20 target of PKR 5.5 trillion.

During 1QFY20, average Consumer Price Index (CPI) clocked in at 10.08% as compared to 5.60% during 1QFY19. In the same period, the Pakistan Bureau of Statistics (PBS) had re-based its computation methodology for inflation from earlier FY2008 to FY2016 where weights of the CPI baskets have also been reconstituted as per the consumer survey of FY16. In order to contain inflation, State Bank of Pakistan had increased the policy rate by 100 bps to 13.25% in July 2019. In the recent monetary policy held during mid of September, SBP left the interest rates unchanged maintaining its inflation target of 11%-12% during FY20. As far as currency

adjustments are concerned, during the period under review, local currency has strengthened against USD where the current Real Effective Exchange Rate (REER) of "93" which illustrates on the basis of purchasing power of the local currency versus a basket of global currencies suggests that the local currency is undervalued by approximately 7%. Moreover, large scale manufacturing index (LSM) which encapsulates 80% of total manufacturing and constitutes 11% of GDP, exhibited a decline of 3.28% YoY during the first month of FY20, managing to marginally rise by 0.98% MoM. Major sectors that showed growth included electronics (67.23%) and Fertilizer (16.34%). On the other hand, LSM sectors that showed negative growth were Automobile (27.41%), Coke and Petroleum Product (25.12%) and Iron & Steel Products (15.44%).

Following intensive negotiations over the terms of any program the executive board of the International Monetary Fund (IMF) approved a USD 6 billion bailout package for the next three years under an Extended Funding Facility (EFF). The country has already received its first tranche of USD 1 billion of this facility during the first week of July 2019. As per the statement of IMF, the current EFF program from Pakistan will open other financing avenues for Pakistan where Pakistan can expect financing more than USD 38 billion.

### EQUITY MARKET REVIEW

During 1QFY20, local stock market witnessed a volatile quarter as the benchmark KSE-100 index traded in a broad range (high of 35,269 and low of 28,674) settling with a change of 1,824pts (up 5.4%QoQ). To recap in continuation of the 4QFY19 in which the index shed 4,748, taking the cumulative downfall to 6,570 points from April to September 2019 suggests that the negative market sentiments remained dominant. Average daily traded volumes for the benchmark index also declined by 20%QoQ to 78 million shares as compared to 97 million shares witnessed during 4QFY19, illustrating a lack of investor participation. During the period under review, the benchmark index broke its 7 month negative trajectory after touching its lowest level since September 2014. During the quarter, there were some positive triggers impacting sentiments, namely: 1) commencement of the IMF program and release of the first tranche of USD 1 billion, 2) minor strengthening of local currency against Greenback, and 3) improvement in current account deficit. On the other hand some dampeners that muted investor sentiments included: 1) 100 bps increase in policy rate raising risk free rates and required equity returns 2) rise in geopolitical uncertainty with cross border tensions on the eastern front, amidst tensions in the Middle East, and 3) enhanced probability of remaining in the Financial Action Task Force (FATF) jurisdictions with compliant deficiencies list (i.e. "grey list") with a possibility of being further downgraded. Foreign investors continued with inflows where local market witnessed inflows of USD 23.28 million, up by 37.3%QoQ as compared to USD 17 million witnessed during 4QFY19. This has taken cumulative inflows during calendar year to USD 58 million. Mutual Funds and Insurance sectors remained the net sellers during the quarter where market witnessed net outflow of USD 82 million and USD 23 million respectively. Major contribution to the index decline came from Commercial Banks (-1.92%), Food and Personal care Products (-1.05%), Oil & Gas Exploration Companies (-1.06%), Cement Sector (-0.67%) and Automobile Assembler (-0.56%). However, some of the losses were compensated due to positive contribution from Fertilizer (+0.61%) sector as surged by 4%. By end of the quarter, the KSE-100 was trading at an annual trailing P/E of 5.6x and dividend yield of 9% underscoring that despite market sentiment valuations remain compelling.

### MONEY MARKET REVIEW

During 1QFY20, seven T-Bill auctions were carried out by the SBP, where government successfully managed to raise PKR6.12 trillion. Weighted average yield on the 3-month, 6-month, and 12-month period were 13.59%, 13.90%, and 14.03% respectively, as compared to 7.60%, and 7.85% for same period last year. There was no response for 12 months T-bills during corresponding period last year. It is pertinent to note that yield curve has been on a declining trend since touching its high of 13.75%, 13.95% and 14.16% for 3-months, 6-months and 12-months T-bills respectively at the end of July 2019 auction, depicting an inversion in the yield curve within

short tenure paper as well. Additionally, inverted yield curve for recent T-bills auction further indicates future cut in interest rates.

To further address liquidity demand, the SBP conducted three auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR963.46 billion during 1QFY20 with weighted average maturity yield on 3-year, 5-year, and 10-year of 13.83%, 13.52%, and 13.25%, as compared to 7.47%, 8.92%, and 8.70%, during the same period last year. In the recent auction result, weighted average maturity yields for 5 year/ 10 years have fallen by 110bps/95bps to 12.3760%/ 12.1482%. Yield spread between 3 year and 10 year has widened to 72bps as compared to 1bps during end of June 2019 concluding weakening the case for further tightening.

The SBPs Monetary Policy Committee (MPC) announced two Monetary Policy Statements (MPS) in 1QFY20 where the committee raised the interest rate during first monetary policy in July 2019 by 100bps. In its recent MPS held in September 2019, MPC decided to maintain policy rate keeping the inflation outlook intact. The SBP conducted thirty-one Open Market Operations (OMO) in 1QFY20 of different maturities, and injected average amount of PKR634.62 billion per OMO at an average cut-off yield of 13.18%.

As per the auction calendar of the SBP, it will raise PKR300 billion by issuing 3 to 20-year tenor Pakistan Investment Bonds (PIBs) and PKR3.80 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR4.72 trillion, in the next quarter. In addition, SBP will raise another PKR150 billion through the auction of a 10-Year Floating PIB, in the next quarter.

### FUTURE OUTLOOK

Overall, we remain optimistic about the economic outlook for FY20 where real GDP growth is expected to reach 3.5% as compared to 3.27% registered during FY19. As per the SBP, CPI is expected to range between 11%-12% during the year, with a hike in inflation is expected due to one-off impacts of regulatory measures introduced in Budget FY20 coupled with increase in energy and gas prices effective from 1QFY20. As depicted by REER of below 100, the bulk of currency adjustments have played out where the local currency has already strengthened during 1QFY20. Current account deficit has exceptionally narrowed by 63% to 1,548 million (2.2%) where we expect the external deficit to remain in a controlled range following the down cycle in capital inflows and consumption demand. Any increase in international crude oil prices may adversely impact this outlook; however, the general market consensus on crude prices remains neutral to negative at least until US-China trade talks progress. Moreover, USD 3.2 billion (USD 275 per month) facility from Saudi Arabia from the Start of FY20 will ease pressure on foreign reserves. As per the Press release of SBP, the Central Bank expects decrease in inflation from second half of FY20. A decrease in inflation will provide room for the State Bank to initiate monetary easing and growth related policies. That said, we expect reversal in interest rates during second half of FY20 as indicative of the yields of long-term government paper.

As a leading indicator of wider economic growth, investor sentiments and expectations of monetary easing should keep equity markets in the limelight, where gradual upward momentum is likely. These expectations are affirmed by the benchmark index breaking through its 7 months negative trajectory after touching its lowest level since September, 2014 during the quarter.

Any revival of the benchmark index can be expected due to re-rating of Price to Earnings (P/E) after monetary easing. Currently the benchmark index is trading at an appealing multiyear low P/E of 5.6x, despite offering ROE and Dividend Yield of 16% and 9% for FY20, indicating some of the highest total returns amongst regional markets. Expected clearance of legal hurdles on GIDC Ordinance and any decision on resolution of circular debt will put index heavy weights Fertilizer and Energy sectors center stage.

### MATERIAL INFORMATION

As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended by Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 1492(I)/2012 dated December 26, 2012 an asset management company managing an Investment Company shall, from the expiry of five years from November 21, 2007, hold within one month of such period a meeting of shareholders to seek their approval to convert the Investment Company into an Open End Scheme (by simple majority) or wind up the Investment Company (by special resolution). In 2013, SECP vide its Notification S.R.O. 1399(I) 2012 dated November 28, 2012 extended the timeline for convening the meeting of share holders till January 31, 2013.

In compliance with above referred regulation, the Company convened a meeting of shareholders on January 31, 2013. However, neither the conversion of the Company into an Open End Scheme nor its winding up was approved by the shareholders by the majority specified in the said regulation. This fact was communicated to the stock exchanges and the SECP.

Subsequently, the company received a notice from SECP on February 21, 2013 citing non-compliance of the aforementioned Regulation and advised the Company to take immediate corrective action by calling another extra ordinary general meeting of shareholders. The Company being aggrieved by the said notice preferred a Constitutional Petition before the Honorable Sindh High Court on the ground that Regulation 65 is ultra vires. The Honorable Sindh High Court, after a preliminary hearing, had granted an ad-interim relief to the Company by restraining the SECP from taking any coercive action against the Company during the pendency of the petition.

Subsequently, the board of directors in their meeting held on January 09, 2018 voluntarily resolved that the Company be converted from closed end fund to an open end scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and has approved a scheme of arrangement for the same. Further, the board has decided to place the scheme of arrangement before the shareholders for their approval by special resolution in an extra ordinary general meeting held on February 15, 2018, in which the shareholders had approved the conversion.

Following the approval in EOGM, case filed by Company against Federation of Pakistan and SECP has been disposed off for which court order has been received by the Company. The Company submitted application to SECP for the conversion of GASSFL into an open end scheme. The SECP has approved the conversion of GASSFL into an Open-End Scheme in terms of Regulation 65 of the NBFC and NE Regulations, 2008 vide its letter dated February 14, 2019. The effective date for the conversion shall be no later than July 01, 2019.

Subsequently AKD Investment Management Limited (management company) requested SECP for extension of conversion scheme uptill October 01, 2019 and SECP later approved this request vide letter No. SCD/AMCW/GASSFL/11/2019.

The Management Company has further requested the SECP for an extension of conversion uptill December 01, 2019 and SECP later approved this request vide letter No. SCD/AMCW/GASSFL/87/2019.

For and on behalf of the Board

**Imran Motiwala**  
Chief Executive Officer

**Javaid Bashir Sheikh**  
Chairman

Karachi: October 25, 2019



## FUND MANAGER'S REPORT

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

Closed End - Equity Scheme

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

Disciplined and balanced fund management strategy focusing on fundamentally strong companies offering deep value, coupled with few cherry picked growth companies.

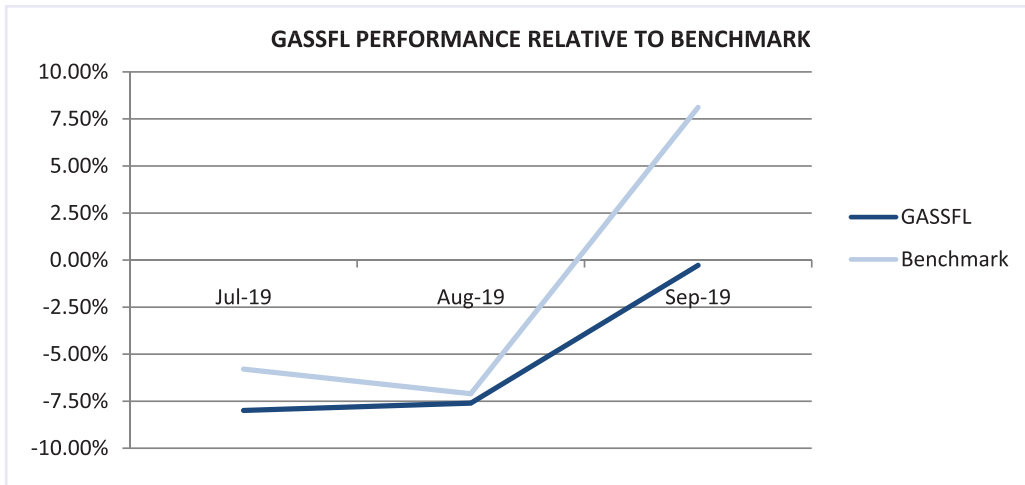
**iii) Explanation as to whether Collective Investment Scheme achieved its stated Objective:**

For 1QFY20, the return of the Golden Arrow Selected Stocks Fund (GASSFL) was -15.22% compared to the KSE-100 Index return of -5.38%.

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

KSE - 100 Index

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



Monthly yield	Jul-19	Aug-19	Sep-19
<b>GASSFL</b>	-7.99%	-7.60%	-0.28%
<b>Benchmark</b>	-5.79%	-7.10%	8.11%

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

Golden Arrow Selected Stocks Fund Limited is a closed end equity scheme. The return of Fund is generated through investment in value stocks which have strong growth potential. GASSFL is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

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

Asset Allocation (% of Total Assets)	30-Sep-19	30-Jun-19
Equities	<b>94.95%</b>	95.69%
Cash	<b>4.71%</b>	4.08%
Other Assets	<b>0.34%</b>	0.23%

- vii) Analysis of the Collective Investment scheme's Performance:

1QFY20 Return	-15.22%
Benchmark Return	-5.38%

- viii) Changes in the total NAV and NAV per share since last reviewed period:

Net Asset Value			NAV Per Unit	
30-Sept-19 (Rupees in "000")	30-Jun-19 (Rupees in "000")	Change	30-Sep-19 Rs.	30-Jun-19 Rs.
1,050,973	1,239,677	-15.22%	6.91	8.15

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

## MACRO PERSPECTIVE

Following a decade of high GDP growth of 5.5% during FY18 the economy has undergone significant deceleration with growth slowing down to 3.3% during FY19. This slump in GDP growth can be attributed to tightening policies adopted by the new Government on the fiscal and monetary front to reign-in on the alarming imbalances of the Current Account and fiscal deficits. As per the State Bank of Pakistan (SBP), GDP is expected to grow by 3.5% during FY20, indicating a phase of economic consolidation, with the objective of bringing the country back on a sustainable growth path.

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### FUTURE OUTLOOK

Overall, we remain optimistic about the economic outlook for FY20 where real GDP growth is expected to reach 3.5% as compared to 3.27% registered during FY19. As per the SBP, CPI is expected to range between 11%-12% during the year, with a hike in inflation is expected due to one-off impacts of regulatory measures introduced in Budget FY20 coupled with increase in energy and gas prices effective from 1QFY20. As depicted by REER of below 100, the bulk of currency adjustments have played out where the local currency has already strengthened during 1QFY20. Current account deficit has exceptionally narrowed by 63% to 1,548 million (2.2%) where we expect the external deficit to remain in a controlled range following the down cycle in capital inflows and consumption demand. Any increase in international crude oil prices may adversely impact this outlook; however, the general market consensus on crude prices remains neutral to negative at least until US-China trade talks progress. Moreover, USD 3.2 billion (USD 275 per month) facility from Saudi Arabia from the Start of FY20 will ease pressure on foreign reserves. As per the Press release of SBP, the Central Bank expects decrease in inflation from second half of FY20. A decrease in inflation will provide room for the State Bank to initiate monetary easing and growth related policies. That said, we expect reversal in interest

rates during second half of FY20 as indicative of the yields of long-term government paper. As a leading indicator of wider economic growth, investor sentiments and expectations of monetary easing should keep equity markets in the limelight, where gradual upward momentum is likely. These expectations are affirmed by the benchmark index breaking through its 7 months negative trajectory after touching its lowest level since September, 2014 during the quarter.

Any revival of the benchmark index can be expected due to re-rating of Price to Earnings (P/E) after monetary easing. Currently the benchmark index is trading at an appealing multiyear low P/E of 5.6x, despite offering ROE and Dividend Yield of 16% and 9% for FY20, indicating some of the highest total returns amongst regional markets. Expected clearance of legal hurdles on GIDC Ordinance and any decision on resolution of circular debt will put index heavy weights Fertilizer and Energy sectors center stage.

**x) 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 was no significant change in the state of affair during the period and up till the date of the Fund Manager's report.

**xi) Disclosure on share split (if any), comprising:**

There was no share split during the period.

**xii) Disclosure of circumstances that materially affect any interest of shareholders:**

Investments are subject to credit and market risk.

**xiii) 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.

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

		(Un-audited) September 30 2019	(Audited) June 30 2019
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	5	54,250	54,762
Investments	6	1,093,642	1,285,172
Dividend and profit receivable		427	77
Income tax refundable		340	328
Security deposit and Prepayments		3,172	2,750
<b>Total assets</b>		<b>1,151,831</b>	<b>1,343,089</b>
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company		2,831	3,018
Accrued and other liabilities	7	46,782	47,712
Payable against purchase of investment		-	980
Unclaimed dividend		51,245	51,702
<b>Total liabilities</b>		<b>100,858</b>	<b>103,412</b>
<b>NET ASSETS</b>		<b>1,050,973</b>	<b>1,239,677</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Authorised capital</b>			
250,000,000 (June 30, 2019: 250,000,000) Ordinary shares of Rs. 5 each		1,250,000	1,250,000
Issued, subscribed and paid-up capital		760,492	760,492
General reserve		500	500
Undistributed income		289,981	478,685
		<b>1,050,973</b>	<b>1,239,677</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER SHARE</b>		<b>6.91</b>	<b>8.15</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

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

	Note	Quarter ended September 30,	
		2019	2018
<b>INCOME</b>		----- (Rupees in '000) -----	
Capital gain / (loss) on sale of investment - net		(1,715)	4,761
Dividend income		831	3,878
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	6.2	(180,931)	(33,554)
Profit on bank deposits		812	681
<b>Total Loss</b>		<b>(181,003)</b>	<b>(24,234)</b>
<b>EXPENSES</b>			
Remuneration to AKD Investment Management Limited - Management Company		5,566	7,560
Sindh Sales tax on remuneration of Management Company		723	983
Annual fee to Securities and Exchange Commission of Pakistan		58	359
Remuneration to Custodian - Central Depository Company of Pakistan Limited		146	208
Auditors' remuneration		106	105
Legal and professional charges		108	91
Annual listing fee		142	135
Central depository system charges		123	127
Fees and subscription		142	151
Securities transaction cost		116	163
Bank charges		3	1
Printing and postage		151	189
Sales tax on custodian and central depository system charges		20	28
Advertisement		19	65
Expenses allocated by the Management Company		278	378
Provision for Sindh Workers' Welfare Fund	7.3	-	-
<b>Total expenses</b>		<b>7,701</b>	<b>10,543</b>
<b>Net loss before taxation</b>		<b>(188,704)</b>	<b>(34,777)</b>
Taxation	10	-	-
<b>Net loss after taxation</b>		<b>(188,704)</b>	<b>(34,777)</b>
		----- (Rupees) -----	
<b>Loss per share - basic and diluted</b>		<b>(1.24)</b>	<b>(0.23)</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	Quarter ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
<b>Net loss after taxation</b>	<b>(188,704)</b>	(34,777)
Other comprehensive income for the period	-	-
<b>Total comprehensive loss for the period</b>	<b>(188,704)</b>	(34,777)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

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

	Quarter ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
<b>Undistributed income brought forward</b>	<b>478,685</b>	751,977
Net loss after taxation for the period	<b>(188,704)</b>	(34,777)
<b>Undistributed income carried forward</b>	<b>289,981</b>	717,200

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

### FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(188,704)	(34,777)
<b>Adjustments for non cash and other items:</b>		
(Gain) / loss on sale of investments - net	1,715	(4,761)
Unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	180,931	33,554
	(6,058)	(5,984)
<b>Decrease / (increase) in assets</b>		
Receivable against sale of investments	-	1,826
Security Deposit and Prepayments	(422)	-
Investments	8,884	14,350
Dividend and profit receivable	(350)	(1,429)
Income tax refundable	(12)	(756)
	8,100	13,991
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(187)	(437)
Payable against purchase of investment	(980)	19,175
Accrued and other liabilities	(930)	(843)
	(2,097)	17,895
<b>Net cash generated from / (used in) operating activities</b>	(55)	25,902
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Dividend paid	(457)	(69)
<b>Net cash used in financing activity</b>	(457)	(69)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(512)	25,833
Cash and cash equivalents at the beginning of the period	54,762	55,070
<b>Cash and cash equivalents at the end of the period</b>	54,250	80,903

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Share capital	General reserve	Undistributed income	Total
	----- (Rupees in '000) -----			
<b>Balance as at June 30, 2018</b>	760,492	500	751,977	1,512,969
Net loss for the period	-	-	(34,777)	(34,777)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the first quarter ended September 30, 2018	-	-	(34,777)	(34,777)
Balance as at September 30, 2018	760,492	500	717,200	1,478,192
<b>Balance as at June 30, 2019</b>	760,492	500	478,685	1,239,677
Net loss for the period	-	-	(188,704)	(188,704)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the quarter ended September 30, 2019	-	-	(188,704)	(188,704)
Balance as at September 30, 2019	760,492	500	289,981	1,050,973

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
**Muhammad Munir Abdullah**  
Chief Financial Officer

\_\_\_\_\_  
**Anum Dhedhi**  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY  
AND RESERVES - PER SHARE (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	Quarter ended September 30,	
	2019	2018
	----- (Rupees) -----	
Net assets value per share at the beginning of the period	8.15	9.95
Capital (loss) / gain on sale of investments - net	(0.01)	0.02
Dividend income	0.01	0.03
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(1.19)	(0.22)
Profit on bank deposits	0.01	0.01
<b>Net loss for the period</b>	<b>(1.18)</b>	<b>(0.16)</b>
Operating expenses	(0.06)	(0.07)
<b>Net assets value per share</b>	<b>6.91</b>	<b>9.72</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

**Imran Motiwala**  
Chief Executive Officer

**Muhammad Munir Abdullah**  
Chief Financial Officer

**Anum Dhedhi**  
Director

## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

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### **1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Golden Arrow Selected Stocks Fund Limited (the Company) was incorporated on May 09, 1983 in Pakistan as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). The Company got registered as an investment company on April 29, 2005 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC rules). The registered office of the Company is situated at 216-217, 2nd Floor, Continental Trade Centre, Block 8, Clifton, Karachi. The Company is listed on the Pakistan Stock Exchange Limited. The Company is a closed-end mutual fund and its principal activity is to make investment in marketable securities.
- 1.2** The Company is managed by AKD Investment Management Limited and Central Depository Company of Pakistan Limited is the custodian of the Company.
- 1.3** The Pakistan Credit Rating Company Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated August 9, 2019. PACRA has also assigned Company performance ranking of "MFR 3-Star", "MFR 5-Star" and "MFR 4-Star" to the Company in performance period of 1 year, 3 year and 5 year category on August 30, 2019 respectively.
- 1.4** As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended by Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 1492(I)/2012 dated December 26, 2012 an asset management company managing an Investment Company shall, from the expiry of five years from November 21, 2007, hold within one month of such period a meeting of shareholders to seek their approval to convert the Investment Company into an Open End Scheme (by simple majority) or wind up the Investment Company (by special resolution). In 2013, SECP vide its Notification S.R.O 1399(I) 2012 dated November 28, 2012 extended the timeline for convening the meeting of share holders till January 31, 2013.

In compliance with above referred regulation, the Company convened a meeting of shareholders on January 31, 2013. However, neither the conversion of the Company into an Open End Scheme nor its winding up was approved by the shareholders by the majority specified in the said regulation. This fact was communicated to the stock exchanges and the SECP.

Subsequently, the Company received a notice from SECP on February 21, 2013 citing non-compliance of the aforementioned Regulation and advised the Company to take immediate corrective action by calling another extra ordinary general meeting of shareholders. The Company being aggrieved by the said notice preferred a Constitutional Petition before the Honourable Sindh High Court on the ground that Regulation 65 is ultra vires. The Honourable Sindh High Court, after a preliminary hearing, has granted an ad-interim relief to the Company by restraining the SECP from taking any coercive action against the Company during the pendency of the petition.

The board of directors in their meeting held on January 09, 2018 resolved that the Company be converted from closed end scheme to an open end scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and has approved a scheme of arrangement for the same. Further, the board has decided to place the scheme of arrangement before the shareholders for their approval by special resolution in an extra ordinary general meeting held on February 15, 2018, in which the shareholders had approved the conversion.

Following the approval in EOGM, case filed by Company against Federation of Pakistan and SECP has been disposed off for which court order has been received by the Company. The Company submitted application to SECP for the conversion of Golden Arrow Selected Stocks

Fund Limited into an open end scheme. The SECP has approved the conversion of Golden Arrow Selected Stocks Fund Limited into an Open-End Scheme in terms of Regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 vide its letter dated February 14, 2019. The effective date of conversion shall be no later than July 01, 2019.

Subsequently AKD Investment Management Limited (management company) requested SECP for extension of conversion scheme uptill October 01, 2019 and SECP later approved this request vide letter No. SCD/AMCW/GASSFL/11/2019.

The Management Company has further requested the SECP for an extension of conversion uptill December 01, 2019 and SECP later approved this request vide letter No. SCD/AMCW/GASSFL/87/2019.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

- 2.2** This condensed interim financial information does not include all the information required for a complete set of quarterly financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2019.
- 2.3** This condensed interim financial information is being submitted to the share holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

## 3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2019.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2019.

## 4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2019.

		Un Audited Sep 30, 2019	Audited June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>5. BANK BALANCES</b>			
PLS savings accounts	5.1	48,152	45,905
Current accounts		6,098	8,857
		<u>54,250</u>	<u>54,762</u>

- 5.1 Profit rates on PLS saving accounts range between 4.75% to 11.50% (June 30, 2019: 4.75% to 10.5%) per annum.

		Un Audited Sep 30, 2019	Audited June 30, 2019
	Note	----- (Rupees in '000) -----	

**6. INVESTMENTS**

**Financial asset 'at fair value through profit or loss'**

- Listed equity securities	6.2	1,093,642	1,285,172
- Preference Shares	6.1	-	-

- 6.1 In view of its adverse financial position, Security Leasing Corporation Limited had deferred the payment of 3rd redemption pertaining to 500,744 shares (face value of Rs. 10 each) due in November 2009 and 4th redemption pertaining to 500,745 shares (face value of Rs. 10 each) due in November 2010. As per the terms of the preference shares, the preference shareholders have preference over ordinary shareholders in the event of liquidation of the Company. The management has fully provided for its investment during the year ended June 30, 2018.

6.2 Listed equity securities - At fair value through profit or loss

Name of the investee company	Face value per share	-----Number of shares-----					Balance as at September 30, 2019			Percentage in relation to		
		Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation/ (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
						----- Rupees in '000 -----			----- % -----			
<b>Shares of listed companies - fully paid ordinary shares</b>												
<b>Automobile Assembler</b>												
Atlas Honda Limited	10	36,000	-	-	-	36,000	11,580	10,440	(1,140)	0.95	0.99	0.03
Ghandhara Industries Limited	10	25,000	-	-	-	25,000	2,184	1,981	(203)	0.18	0.19	0.06
Honda Atlas Cars (Pakistan) Limited	10	5,000	-	-	-	5,000	742	663	(79)	0.06	0.06	-
							<b>14,506</b>	<b>13,084</b>	<b>(1,422)</b>			
<b>Automobile Parts &amp; Accessories</b>												
Thal Limited	5	280,000	-	-	-	280,000	101,937	66,802	(35,135)	6.11	6.36	0.35
							<b>101,937</b>	<b>66,802</b>	<b>(35,135)</b>			
<b>Cable &amp; Electrical Goods</b>												
Pakistan Cables Limited	10	380,125	-	-	-	380,125	53,415	38,392	(15,023)	3.51	3.65	1.07
							<b>53,415</b>	<b>38,392</b>	<b>(15,023)</b>			
<b>Cement</b>												
Javedan Corporation Limited (**)	10	4,446,666	-	-	5,000	4,441,666	142,178	118,815	(23,363)	10.86	11.31	1.54
							<b>142,178</b>	<b>118,815</b>	<b>(23,363)</b>			
<b>Chemical</b>												
Archroma Pakistan Limited	10	44,122	-	-	-	44,122	20,965	20,296	(669)	1.86	1.93	0.13
Buxly Paints Limited	10	36,500	-	-	-	36,500	1,595	1,580	(15)	0.14	0.15	2.53
Dynea Pakistan Limited	5	336,733	-	-	-	336,733	23,568	24,076	508	2.20	2.29	1.78
Ghani Global Holding Limited	10	132	-	-	-	132	1	1	-	-	-	-
Nimir Industrial Chemicals Limited	10	672,500	-	-	-	672,500	34,392	33,746	(646)	3.09	3.21	0.61
							<b>80,521</b>	<b>79,699</b>	<b>(822)</b>			
<b>Commercial Banks</b>												
BankIslami Pakistan Limited(***)	10	10,488,428	-	-	200,000	10,288,428	118,214	113,070	(5,144)	10.34	10.76	1.02
BankIslami Pakistan Limited - LoR	10	-	-	1,028,842	-	1,028,842	-	1,019	1,019	0.09	0.10	1.02
Habib Bank Limited	10	50,000	-	-	-	50,000	5,663	5,908	245	0.54	0.56	-
National Bank of Pakistan	10	50,000	-	-	-	50,000	1,683	1,447	(236)	0.13	0.14	-
Summit Bank Limited	10	3,700,159	-	-	3,700,159	-	-	-	-	-	-	-
							<b>125,560</b>	<b>121,444</b>	<b>(4,116)</b>			

Name of the investee company	Face value per share	Number of shares					Balance as at September 30, 2019			Percentage in relation to		
		Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation/ (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
						----- Rupees in '000 -----			----- % -----			
<b>Engineering</b>												
Aisha Steel Mills Limited	10	2,511,000	-	-	250,000	2,261,000	20,801	17,568	(3,233)	1.61	1.67	0.30
Amreli Steels Limited	10	40,000	-	-	-	40,000	986	872	(114)	0.08	0.08	0.01
Dost Steels Limited	10	133,000	-	-	-	133,000	458	424	(34)	0.04	0.04	0.04
Huffaz Seamless Pipe Industries Limited	10	341,745	-	-	-	341,745	4,607	4,952	345	0.45	0.47	0.62
							<b>26,852</b>	<b>23,816</b>	<b>(3,036)</b>			
<b>Food &amp; Personal Care Products</b>												
Al Shaheer Corporation Limited	10	587,000	-	-	-	587,000	7,396	6,392	(1,004)	0.58	0.61	0.41
National Foods Limited	5	100,000	-	-	-	100,000	18,416	18,786	370	1.72	1.79	0.08
Quice Food Industries Limited	10	1,547,500	-	-	-	1,547,500	4,193	4,023	(170)	0.37	0.38	1.57
							<b>30,005</b>	<b>29,201</b>	<b>(804)</b>			
<b>Glass and Ceramics</b>												
Balochistan Glass Limited	10	110,000	-	-	-	110,000	441	367	(74)	0.03	0.03	0.04
Shabbir Tiles and Ceramics Limited	5	388	-	-	-	388	4	3	(1)	-	-	-
							<b>445</b>	<b>370</b>	<b>(75)</b>			
<b>Insurance</b>												
Century Insurance Company Limited	10	423,559	-	-	-	423,559	7,412	6,375	(1,037)	0.58	0.61	0.84
EFU General Insurance Limited	10	155,700	-	-	-	155,700	15,626	14,057	(1,569)	1.29	1.34	0.08
Habib Insurance Company Limited	5	300,183	-	-	-	300,183	2,705	2,477	(228)	0.23	0.24	0.24
TPL Insurance Limited	10	373,290	-	-	-	373,290	7,817	8,399	582	0.77	0.80	0.40
							<b>33,560</b>	<b>31,308</b>	<b>(2,252)</b>			
<b>Investment banks / inv. cos. / securities cos.</b>												
Jahangir Siddiqui & Company Limited	10	2,165,000	-	-	-	2,165,000	23,425	17,666	(5,759)	1.62	1.68	0.24
JS Investments Limited	10	390,500	-	-	-	390,500	6,033	6,248	215	0.57	0.59	0.49
Pakistan Stock Exchange Limited	10	4,849,198	-	-	-	4,849,198	63,040	40,879	(22,161)	3.74	3.89	0.61
							<b>92,498</b>	<b>64,793</b>	<b>(27,705)</b>			
<b>Miscellaneous</b>												
MACPAC Films Limited	10	1,197,671	-	-	-	1,197,671	16,288	13,821	(2,467)	1.26	1.32	2.02
Pakistan Services Limited	10	13,400	-	-	-	13,400	13,668	14,204	536	1.30	1.35	0.04
							<b>29,956</b>	<b>28,025</b>	<b>(1,931)</b>			



Name of the investee company	Face value per share	Number of shares					Balance as at September 30, 2019			Percentage in relation to		
		Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation/ (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
						Rupees in '000			%			
<b>Oil and Gas Exploration Companies</b>												
Oil & Gas Development Company Limited	10	60,000	-	-	35,000	25,000	3,287	3,076	(211)	0.28	0.29	-
Pakistan Petroleum Limited	10	50,000	-	-	-	50,000	7,222	6,802	(420)	0.62	0.65	-
							<b>10,509</b>	<b>9,878</b>	<b>(631)</b>			
<b>Paper and Board</b>												
Merit Packaging Limited	10	1,350,296	-	-	-	1,350,296	40,198	16,015	(24,183)	1.46	1.52	1.67
Pakistan Paper Products Limited	10	238,666	-	-	-	238,666	26,969	24,783	(2,186)	2.27	2.36	2.98
							<b>67,167</b>	<b>40,798</b>	<b>(26,369)</b>			
<b>Power Generation and Distribution</b>												
K-Electric Limited	3.5	12,928,500	-	-	250,000	12,678,500	55,659	45,009	(10,650)	4.12	4.28	0.05
Sitara Energy Limited	10	263,151	-	-	-	263,151	6,815	6,313	(502)	0.58	0.60	1.38
							<b>62,474</b>	<b>51,322</b>	<b>(11,152)</b>			
<b>Sugar and Allied Industries</b>												
Imperial Sugar Limited	10	378,000	-	-	-	378,000	4,524	6,710	2,186	0.61	0.64	0.38
Shahtaj Sugar Mills Limited	10	24,537	-	-	-	24,537	1,053	932	(121)	0.09	0.09	0.20
							<b>5,577</b>	<b>7,642</b>	<b>2,065</b>			
<b>Synthetics and Rayon</b>												
Pakistan Synthetics Limited	10	1,165,000	-	-	-	1,165,000	27,494	29,009	1,515	2.65	2.76	2.08
Rupali Polyester Limited	10	12,701	-	-	-	12,701	350	320	(30)	0.03	0.03	0.04
							<b>27,844</b>	<b>29,329</b>	<b>1,485</b>			
<b>Technology and Communication</b>												
Hum Network Limited	1	118,000	-	-	-	118,000	374	325	(49)	0.03	0.03	0.01
Pakistan Telecommunication Company Limited	10	1,600,000	-	-	-	1,600,000	13,232	11,040	(2,192)	1.01	1.05	0.04
TRG Pakistan Limited (*)	10	5,659,417	300,000	-	-	5,959,417	96,883	78,366	(18,517)	7.17	7.46	1.09
							<b>110,489</b>	<b>89,731</b>	<b>(20,758)</b>			

Name of the investee company	Face value per share	Number of shares					Balance as at September 30, 2019			Percentage in relation to		
		Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation/ (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
						Rupees in '000			%			
<b>Textile Composite</b>												
AN Textile Mills Limited	10	6,500	-	-	-	6,500	58	58	-	0.01	0.01	0.07
Dawood Lawrencepur Limited	10	62,059	-	-	10,500	51,559	9,973	10,389	416	0.95	0.99	0.09
Gul Ahmed Textile Mills Limited	10	270,000	-	-	-	270,000	12,722	12,809	87	1.17	1.22	0.08
Kohinoor Mills Limited	10	80,500	-	-	-	80,500	1,759	2,989	1,230	0.27	0.28	0.16
Nishat (Chunian) Limited	10	25,000	-	-	-	25,000	876	837	(39)	0.08	0.08	0.01
Sapphire Fibres Limited	10	47	-	-	-	47	39	33	(6)	-	-	-
							<b>25,427</b>	<b>27,115</b>	<b>1,688</b>			
<b>Textile Spinning</b>												
Crescent Fibres Limited	10	42,000	-	-	-	42,000	1,594	1,586	(8)	0.15	0.15	0.34
Din Textile Mills Limited	10	71,147	-	-	-	71,147	5,781	5,834	53	0.53	0.56	0.24
Ellicot Spinning Mills Limited	10	883,554	-	-	-	883,554	69,796	64,499	(5,297)	5.90	6.14	8.07
Fazal Cloth Mills Limited	10	12,406	-	-	-	12,406	1,737	1,959	222	0.18	0.19	0.04
Island Textile Mills Limited	10	40,600	-	-	-	40,600	86,884	82,540	(4,344)	7.55	7.85	8.12
Premium Textile Mills Limited	10	23,400	-	-	-	23,400	4,940	5,658	718	0.52	0.54	0.38
Saif Textile Mills Limited	10	217,000	-	-	-	217,000	2,075	2,437	362	0.22	0.23	0.82
							<b>172,807</b>	<b>164,513</b>	<b>(8,294)</b>			
<b>Textile Weaving</b>												
Prosperity Weaving Mills Limited	10	84,591	-	-	-	84,591	2,876	3,214	338	0.29	0.31	0.46
							<b>2,876</b>	<b>3,214</b>	<b>338</b>			
<b>Vanaspati and Allied Industries</b>												
Punjab Oil Mills Limited	10	234,000	-	-	-	234,000	46,730	44,446	(2,284)	4.06	4.23	4.34
S.S. Oil Mills Limited	10	180,100	-	-	-	180,100	4,594	4,207	(387)	0.38	0.40	3.18
Unity Foods Limited	10	645,264	-	-	-	645,264	6,646	5,698	(948)	0.52	0.54	0.12
							<b>57,970</b>	<b>54,351</b>	<b>(3,619)</b>			
<b>Total listed equity securities as at September 30, 2019</b>							<b>1,274,573</b>	<b>1,093,642</b>	<b>(180,931)</b>			
Total listed equity securities as at June 30, 2019							1,557,418	1,285,172	(272,246)			

- \* This includes 2,000,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.
- \*\* The exposure limit of investment in a single as a percentage of net assets exceeded by 1.31% against prescribed limit of 10% of total net assets as required under NBFC regulation 2008.
- \*\*\* The exposure limit of investment in a single as a percentage of net assets exceeded by 0.76% against prescribed limit of 10% of total net assets as required under NBFC regulation 2008.

7 ACCRUED AND OTHER LIABILITIES	Note	(Un Audited) Sep 30, 2019	(Audited) June 30, 2019
----- (Rupees in '000) -----			
Annual fee payable to Securities and Exchange Commission of Pakistan	7.1	58	1,341
Brokerage payable		106	19
Custodian fee / charges		46	56
Auditors' remuneration		808	702
Unclaimed amount due to shareholders on reduction of share capital		45	45
Withholding tax payable		17	2
Accrued expenses		1,564	1,408
Sales tax payable to CDC		6	7
Federal excise duty on remuneration to management company	7.2	16,592	16,592
Provision for Sindh Workers' Welfare Fund	7.3	27,540	27,540
		<b>46,782</b>	<b>47,712</b>

### 7.1 Annual fee payable to SECP

This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Company is required to pay SECP an amount equal to 0.02% (June 30, 2019: 0.095%) of the average daily net assets.

### 7.2 Federal Excise Duty on remuneration to the Management Company

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

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

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Company has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Company which at September 30, 2019 aggregates to Rs.16.59 (June 30, 2019: Rs. 16.59) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Company as at June 30, 2019 would have been higher by Re. 0.109 per share (June 30, 2019: Re 0.109 per share).

### 7.3 Provision for Sindh Workers' Welfare Fund

The Supreme Court of Pakistan passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Act, 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Act. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

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

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The aggregate balance of SWWF provision in the books of accounts of the Fund as on September 30, 2019 is Rs. 27.540 million (June 30, 2019: 27.540). Had this provision not been made, the NAV of the Fund would have been higher by Re.0.181 per share (June 30, 2019: Re. 0.181 per share).

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

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2019 (June 30 2019: Nil)

## 9 EXPENSE RATIO

The total expense ratio of the Company is 0.70% (2018: 0.70%) and this includes 0.08% (2018: 0.09%) representing Government levy and SECP fee. This ratio is within the maximum limit of 4.5% (2018: 4%) prescribed under the NBFC Regulations for a collective investment scheme categorized as a "Equity Scheme".

**10 TAXATION**

The income of the Company 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 that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the shareholders. Accordingly, the Company has not recorded provision for taxation as the management intends to distribute at least 90 percent of the Company's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its shareholders.

The Company is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Company has incurred net loss for the period, accordingly, no provision for taxation has been recognised in these condensed interim financial statements.

**11. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

Related parties / Connected persons include AKD Investment Management Limited, being the Management Company, Central Depository Company of Pakistan Limited, being the custodian, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, other collective schemes managed by the Management Company, directors, officers and other connected persons of the Management Company, and directors of the Company and their connected persons.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Company.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	(Unaudited) Quarter ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
<b>11.1 Transactions during the period</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	5,566	7,560
Expenses allocated by the Management Company	278	378
Sale of shares	5,953	-
<b>AKD Securities Limited - Group Company</b>		
Brokerage	-	11
<b>Directors of the Company</b>		
Purchase of shares	9,368	-
Sale of shares	15,045	-
<b>Central Depository Company of Pakistan Limited (Custodian)</b>		
Fee charged during the period (including transaction charges)	269	335
<b>Javedan Corporation Limited - Common Directorship</b>		
Sales of shares	152	-

	Unaudited Sep 30, 2019	Audited June 30, 2019
	----- (Rupees in '000) -----	
<b>11.2 Balances outstanding at period / year end</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration payable	1,728	2,050
Sindh Sales Tax on Management Remuneration	225	266
Federal Excise Duty on Management Remuneration	16,592	16,592
Expenses allocated by the Management Company	278	102
Others	600	600
Shares in issue (No. of shares: September 30, 2019: 22,492,395; June 30, 2019: 23,682,895)	112,462	118,414
<b>Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund</b>		
Shares in issue (No. of shares: September 30, 2019: 2,092,812; June 30, 2019: 2,092,812)	10,464	10,464
<b>AKD Securities Limited - Group Company</b>		
Shares in issue (No. of shares: September 30, 2019: 2,889; June 30, 2019: 2,889)	14	14
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Shares in issue (No. of shares: September 30, 2019: 284,046; June 30, 2019: 284,046)	1,420	1,420
<b>Directors of the Company</b>		
Shares of the Company held (No. of shares: September 30, 2019: 2,120,777; June 30, 2019: 3,256,277)	10,604	16,281
<b>Central Depository Company of Pakistan Limited - Custodian</b>		
Fee payable (including transaction charges)	46	56
<b>Prosperity Weaving Mills Limited</b>		
Shares held by the Company (No. of shares: September 30, 2019: 84,591; June 30, 2019: 84,591)	3,214	2,876
<b>Javedan Corporation Limited - Common Directorship</b>		
Shares held by the Company (No. of shares: September 30, 2019: 4,441,666; June 30, 2019: 4,446,666)	118,815	142,338

**12 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no affect on the financial statements.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	----- As at September 30, 2019 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Investment in securities - at fair value through profit or loss	<u>1,093,642</u>	-	-	<u>1,093,642</u>
	<u>1,093,642</u>	-	-	<u>1,093,642</u>
	----- As at June 30, 2019 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Investment in securities - at fair value through profit or loss	<u>1,285,172</u>	-	-	<u>1,285,172</u>
	<u>1,285,172</u>	-	-	<u>1,285,172</u>

During the period ended September 30, 2019, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

**13 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 25, 2019 by the Board of Directors of the Company.

**14 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these condensed interim financial statements during the current period.

**15 GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the period as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

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**Imran Motiwala**  
Chief Executive Officer

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**Muhammad Munir Abdullah**  
Chief Financial Officer

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**Anum Dhedhi**  
Director





**AKD Investment  
Management Ltd.**

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