

Golden Arrow
SELECTED STOCKS FUND LIMITED



1st Quarter Report
September 30, 2018
(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 Shakra-e-Faisal,
Karachi-74400.

AUDITORS

Deloitte Yousuf Adil

Chartered Accountants

Cavish Court, A-35, Block 7 & 8

KCHSU, Sharah-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,

Shahrah-e-Iraq, Saddar, Karachi.

Tel: 021-35662023-24

RATING - GASSFL

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

PACRA: MFR 4-Star (3-year period)

PACRA: MFR 4-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 Director of Golden Arrow Selected Stocks Fund Limited (GASSFL) is pleased to present its un-audited Financial Statement for the quarter ended September 30, 2018.

Fund's Financial Performance

For 1QFY'19, the return of the Golden Arrow Selected Stocks Fund was -2.30% compared to the KSE-100 Index return of -2.18%.

MACRO PERSPECTIVE

After achieving a growth rate of 5.8% in FY18 - the highest in 13 years and up from 5.3% in FY17, Gross Domestic Product (GDP) is likely to slow down to 5.0% in FY19 on the back of rising inflation, large twin deficits and lower output in the agriculture sector.

The challenges on the external front have increased to alarming levels in 1QFY19. The Current Account Deficit (CAD) reached USD 2.72 billion (5.3% of GDP) in 2MFY19 as opposed to USD 2.47 billion (4.6% of GDP) in the corresponding period last year. The primary reason for this deterioration is an upsurge in import bills by 10.92% to USD 9.95 bn vs USD 8.97 bn in the same period last year. Moreover, higher remittances (up by 13.44%) could not ease the Balance of Payment (BOP) issue. Consequently, foreign reserves have fallen to USD 14.89 billion (-9.23% YoY) by end of 1QFY19.

On the fiscal front, Federal Board of Revenue (FBR) collected total tax revenue of PKR 836 billion in 1QFY19 as against PKR 766 billion during the same period of the previous fiscal year. The tax collection has increased by 9.2% YoY, but fell short of first quarter target by PKR 56 billion. In addition to disappointing collection results, the number of income tax filers also fell short of expectations due to which the Government announced a two-month extension in the deadline to file tax returns for FY18.

During 1QFY19, average Consumer Price Index (CPI) clocked in at 5.6% as compared to 3.4% in SPLY. The jump is even more pronounced in core inflation (up by 7.7% YoY) - a key measure reflecting the underlying inflationary pressures in the economy. Moreover, State Bank of Pakistan (SBP) has adjusted the average inflation (CPI) projections and inflation is now expected to fall in the revised forecast range of 6.5%-7.5% in FY19. This upward revision is due to following factors: (i) Higher than anticipated increase in international oil prices (up 42.32% YoY). (ii) An upward revision in domestic gas prices (up to 143%). (iii) Further increase in regulatory duties on imports (iv) 16.92% YoY depreciation of the PKR against USD.

Therefore to ensure macroeconomic stability, State Bank of Pakistan (SBP) raised the policy rate by 100 bps to 8.5% in its monetary policy statement of September 2018.

Agriculture sector growth is expected to remain below its target in FY19 mainly due to the looming water crisis, which is likely to constrain agriculture production. In addition, as per latest information, cotton production is expected to miss its FY19 target of 14.4 million bales by ~4 million bales, which will further hinder agriculture growth.

The large scale manufacturing sector (LSM) which constitutes 80% of total manufacturing and 11% of the overall GDP, exhibited a marginal growth of 0.5% YoY during the first month of FY19, yet it decently grew by 6.99% MoM. The major sectors that showed growth included electronics (11.74%), engineering products (13.18%), automobiles (9.75%), and rubber products (8.31%).

On the other hand, the LSM sectors that showed negative growth were wood products (55.64% YoY), pharmaceuticals (10.80% YoY), fertilizers (6.81% YoY), and iron and steel products (2.77% YoY).

In our view, PKR-USD depreciation of 19.89% in 9MCY18 will relieve some pressure on the Current Account. Furthermore, a possible bailout by the IMF, financial assistance from friendly countries (China, Saudi Arabia) with expected improvement in remittances from overseas Pakistanis may provide a much needed breather to the external account.

Lastly, CPEC investments will continue to play a major role in attracting investment in Pakistan and provide support to the deteriorating external account. Furthermore, the circular debt situation in the power sector has again reached alarming levels and concrete steps are required. However, given the limited fiscal space, any one-off settlement seems unlikely. Overall, clarity about the economic policies and reforms of the current government will remain a key determinant of macro performance.

EQUITY MARKET REVIEW

During 1QFY19, KSE-100 index started the fiscal year at 41,910 points and ended the period at 40,999, exhibiting a decline of 2.18%. Gains seen in the first week after elections (+5%) have reversed in the last two months of 1QFY19. This decline can be largely attributed to faltering investor confidence stemming from lack of policy clarity (Increase in gas prices and budgetary amendments regarding tax filers) and growing economic concerns (BOP, currency movement) which worsened SBP's forex reserves that fell below US\$10bn (Two-month import cover). Owing to this, Moody's downgraded outlook on Pakistan to negative and continuous foreign selling from emerging market (US \$189mn net outflow from the Pakistani stock market) resulted in reduced trading volumes.

Moving ahead, we believe that drastic and unprecedented economic reforms are on the cards under the incumbent government. Austerity measures (curb in PSDP and unproductive spending), strict steps against rampant corruption, call for across the board accountability, radical efforts to expand the tax base and focus on addressing core issues (health, education, justice, and unemployment) will determine the overall performance of the economy and the direction of equity markets. Furthermore, sector specific policies such as those for cements (Dam, PSDP), autos (interest rate, auto policy), fertilizer (subsidy), and steel (import duties) among others, will set the tone of the market. Recovering of wealth parked abroad and the role of overseas Pakistanis will remain a key component of government policy.

These above reforms announced by current government were unprecedented in political history of Pakistan and likely to slow down the economic growth in FY19. However, development on reforms will have positive impact in the long term.

The increasing level of inflation is expected to warrant further hikes in discount rates, where we expect another hike of 100 bps in the upcoming Monetary Policy Statement (MPS). We believe this will have a negative impact on the market as investors will realign their portfolios from equity market to debt market for higher yield. However, the KSE-100 index currently trades at a forward PE of ~6.94x with a dividend yield of 7.09%, which offers a significant discount compared to MSCI Emerging Markets Index and regional economies.

FUTURE OUTLOOK

Overall, we believe that the economic outlook for FY19 remains challenging. Real growth is expected to slow down its momentum as average inflation is expected to remain above its target due to recent PKR depreciation. It is also likely that an IMF program with stringent conditions will remain a major issue to deal with for the current Government. Current account deficit remains a grave concern and needs urgent remedial measures to boost foreign inflow and control unproductive imports. Key risks can stem from any increase in international oil prices and uncertainty in emerging market. There is hope that Overseas Pakistanis might support the incumbent government and increasing remittances will provide some respite. Pakistan has managed to get US\$6bn support package from Saudi Arabia. The support package comprises

i) US\$3bn for balance of payment support and ii) deferred payment facility up to US\$3bn for oil imports. Aforementioned financial assistance from KSA will ease pressure to some extent pertaining to the external account in the near term. The impact of measures being announced by the Government is yet to be seen and will majorly influence any possible improvement in the economy.

Continuous surge in oil price and aggressive stance on interest rates in upcoming monetary policy meeting will keep the market heavy weighted sectors (Banks, Exploration & Production) in the limelight.

We believe a significant reversal in equity market will be more dependent on liquidity rather than valuations (The KSE-100 Index trading at a Price-to-earnings (P/E) and Dividend Yield (DY) of 6.94x and 7.09% respectively as compared to Emerging Market P/E and DY of 13.32x and 2.70% respectively).

On the fixed income side, the rapid surge in interest rates has made the situation severe. Yields on 6 Month T-Bills have surged from under 6% in 2017 to around 9% currently and are likely to be in double digits by the end of 2018. Therefore, equity markets will have to offer more to entice investors as competing asset classes (Pakistan Investment Bonds, Income Funds, National Saving Certificates and Bank Deposit) are beginning to offer attractive yields.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Javaid Bashir Sheikh
Chairman

Karachi: October 27, 2018

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.

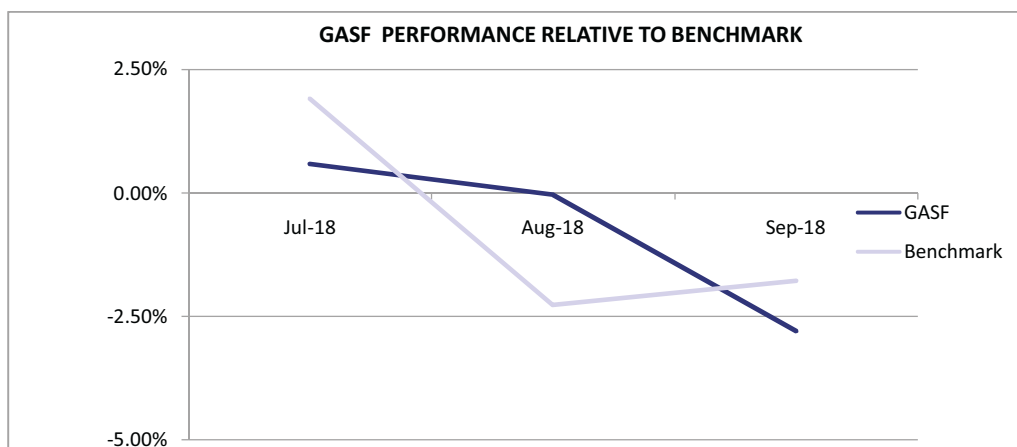
iii) Explanation as to whether Collective Investment Scheme achieved its stated Objective:

For 1QFY'19, the return of the Golden Arrow Selected Stocks Fund (GASSFL) was -2.30% compared to the KSE-100 Index return of -2.18%.

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-18	Aug-18	Sep-18
GASF	0.59%	-0.03%	-2.80%
Benchmark	1.91%	-2.27%	-1.78%

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-September-18	30-June-18
Equities	94.61%	96.28%
Cash	5.06%	3.41%
Other Assets	0.33%	0.31%

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

1QFY19 Return	-2.30%
Benchmark Return	-2.18%

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

Net Asset Value		NAV Per Unit		
30-Sep-18	30-June-18	Change	Sep-18	June-18
(Rupees in "000")			Rs.	Rs.
1,478,192	1,512,969	-2.30%	9.72	9.95

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

After achieving a growth rate of 5.8% in FY18 - the highest in 13 years and up from 5.3% in FY17, Gross Domestic Product (GDP) is likely to slow down to 5.0% in FY19 on the back of rising inflation, large twin deficits and lower output in the agriculture sector.

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On the fixed income side, the rapid surge in interest rates has made the situation severe. Yields on 6 Month T-Bills have surged from under 6% in 2017 to around 9% currently and are likely to be in double digits by the end of 2018. Therefore, equity markets will have to offer more to entice investors as competing asset classes (Pakistan Investment Bonds, Income Funds, National Saving Certificates and Bank Deposit) are beginning to offer attractive yields.

- 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, 2018

	(Un-audited) September 30 2018	(Audited) June 30 2018
	Note	----- (Rupees in '000) -----
ASSETS		
Bank balances	80,903	55,070
Investments	4 1,513,505	1,556,648
Receivable against sale of Investments	-	1,826
Dividend and profit receivable	1,560	131
Tax refundable	307	307
Security deposit and prepayments	3,506	2,750
Total Assets	1,599,781	1,616,732
LIABILITIES		
Payable to the Management Company	3,473	3,910
Payable against purchase of Securities	19,175	-
Accrued and other liabilities	46,753	47,596
Unclaimed dividend	52,188	52,257
Total Liabilities	121,589	103,763
NET ASSETS	1,478,192	1,512,969
SHARE HOLDERS' EQUITY		
Authorised capital		
250,000,000 (June 30, 2018: 250,000,000) ordinary shares of Rs. 5 each	1,250,000	1,250,000
Issued, subscribed and paid-up capital		
152,098,344 (June 30, 2018: 152,098,344) ordinary shares of Rs. 5 each	760,492	760,492
General reserve	500	500
Undistributed income	717,200	751,977
	1,478,192	1,512,969
	----- (Rupees) -----	
NET ASSETS VALUE PER SHARE	9.72	9.95

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Abdul Karim
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended	
	2018	2017
	Note ----- (Rupees in '000) -----	
Income		
Capital gain on sale of investments - net	4,761	1,719
Dividend income	3,878	9,063
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	4.1 (33,554)	(82,056)
Profit on bank deposits	681	615
Total loss	(24,234)	(70,659)
Operating expenses		
Remuneration to Management Company	7,560	9,268
Sales Tax on Management fee	8 983	1,205
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	359	440
Remuneration of Custodian - Central Depository Company of Pakistan Limited (CDC)	208	243
Auditors' remuneration	105	101
Legal and professional charges	91	76
Annual listing fee	135	102
Central Depository System charges	127	8
Fees and subscription	151	121
Securities transaction cost	163	45
Bank charges	1	4
Directors' fee and Related charges	-	274
Advertising	65	-
Printing and postage	189	189
Sales Tax on Custodian & CDS	28	33
Expenses allocated by the Management Company	378	463
Total Expenses	10,543	12,572
Net loss before taxation	(34,777)	(83,231)
Taxation	7 -	-
Net loss after taxation	(34,777)	(83,231)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(34,777)	(83,231)
	----- Rupees -----	
Loss per share	(0.23)	(0.55)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Abdul Karim
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended	
	2018	2017
	----- (Rupees in '000) -----	
Undistributed income brought forward	751,977	1,130,106
Net loss after taxation for the period	(34,777)	(83,231)
Undistributed income carried forward	717,200	1,046,875

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
 Chief Executive Officer

Muhammad Munir Abdullah
 Chief Financial Officer

Abdul Karim
 Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended	
	2018	2017
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before taxation	(34,777)	(83,231)
Adjustments:		
Gain on sale of investments - net	(4,761)	(1,719)
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	33,554	82,056
	(5,984)	(2,894)
Decrease / (Increase) in assets		
Receivable against sale of investments	1,826	-
Investments	14,350	12,059
Dividend and profit receivable	(1,429)	(4,083)
Security deposit and prepayments	(756)	(302)
	13,991	7,674
Increase / (decrease) in liabilities		
Payable against purchase of investments	19,175	-
Payable to the Management Company	(437)	(1,286)
Accrued and other liabilities	(843)	(1,596)
	17,895	(2,882)
Net cash generated from operating activities	25,902	1,898
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(69)	(7,284)
Net cash used in financing activities	(69)	(7,284)
Net increase / (decrease) in cash and cash equivalents	25,833	(5,386)
Cash and cash equivalents at the beginning of the period	55,070	63,769
Cash and cash equivalents at the end of the period	80,903	58,383

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Abdul Karim
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Share Capital	General Reserves	Undistributed income	Total
	----- Rupees in '000' -----			
Balance as at June 30, 2017	760,492	500	1,130,106	1,891,098
Net Loss for the period	-	-	(83,231)	(83,231)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive loss for the first quarter ended September 30, 2017	-	-	(83,231)	(83,231)
Balance as at September 30, 2017	<u>760,492</u>	<u>500</u>	<u>1,046,875</u>	<u>1,807,867</u>
Balance as at June 30, 2018	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	<u>760,492</u>	<u>500</u>	<u>717,200</u>	<u>1,478,192</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Abdul Karim
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY
AND RESERVES - PER SHARE (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Quarter ended	
	2018	2017
	----- (Rupees) -----	
Net assets value per share at the beginning of the period	9.95	12.43
Capital gain on sale of investments - net	0.02	0.01
Dividend income	0.03	0.06
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(0.22)	(0.54)
Profit on bank deposits	0.01	0.01
Net loss for the period	(0.16)	(0.46)
Operating expenses	(0.07)	(0.08)
Net assets value per share as at September 30	9.72	11.89

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Abdul Karim
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

1 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) have assigned Asset Manager Rating of 'AM3++' to the Management Company dated August 10, 2018. PACRA has also assigned Company performance ranking of "MFR 4-Star" to the Company in performance period of 1 year, 3 year and 5 year category on May 24, 2018.
- 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 Honorable Sindh High Court on the ground that Regulation 65 is ultra vires. The Honorable 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 relevant lawsuit is pending adjudication at the Honorable Sindh High Court.

The board of directors in their meeting held on January 09, 2018 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.

The said conversion also requires approval from SECP. Following the approval in EOGM, the Company is in the process of completing related legal formalities to effect this conversion.

2 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement 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 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 Regulation and requirements of the Trust Deed have been followed.

These condensed interim financial statements are unaudited.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2018 except the following.

During the current period IFRS-9 became applicable, according to the standard, all equity investments are to be measured at fair value in the statement of financial position with value change recognized in profit or loss. Standard also retains an option in respect of equity investments (other than held for trading) for which the entity may elect to report value change in 'other comprehensive income'. For the purpose of measurement of debt instruments, SECP vide its letter to MUFAP dated November 21, 2017 relaxed the applicability of IFRS-9 impairment requirements for debt securities on mutual funds and deferred it till further instructions. As at June 30, 2018 and September 30, 2018 all the equity investment of the company were classified in 'Financial assets at fair value through profit or loss'.

	(Unaudited) September 30, 2018	(Audited) June 30, 2018
Note	-----	-----
	(Rupees in '000)	

4 INVESTMENTS

Financial assets at fair value through profit or loss

- Quoted equity securities - held for trading	4.1	1,513,505	1,556,648
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4.1 Quoted Equity Securities - financial assets at 'fair value through profit or loss'

Name of the investee company	Face value per share	Number of shares					Balance as at September 30, 2018				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 investments	Market value as percentage of net assets	Investee paid up capital
----- Rupees in '000 -----												
SHARES OF LISTED COMPANIES - Fully paid ordinary shares												
Automobile Assembler												
Atlas Honda Limited	10	30,000	-	-	-	30,000	15,300	12,600	(2,700)	0.83	0.85	0.03
Honda Atlas Cars (Pakistan) Limited	10	5,000	-	-	-	5,000	1,592	1,274	(308)	0.08	0.09	0.00
							16,882	13,874	(3,008)			
Automobile Parts & Accessories												
Thal Limited	5	280,000	-	-	-	280,000	133,708	122,363	(11,345)	8.08	8.28	0.35
							133,708	122,363	(11,345)			
Cable & Electrical Goods												
Pakistan Cables Limited	10	373,625	2,500	-	-	376,125	70,349	74,578	4,229	4.93	5.05	1.06
							70,349	74,578	4,229			
Cement												
Dewan Cement Limited	10	50,000	-	-	-	50,000	900	707	(193)	0.05	0.05	0.01
Javedan Corporation Limited**	10	4,133,950	-	-	-	4,133,950	147,995	155,932	7,937	10.30	10.55	1.55
							148,895	156,639	7,744			
Chemical												
Archroma Pakistan Limited	10	44,472	-	-	-	44,472	22,458	22,894	436	1.51	1.55	0.13
Buxly Paints Limited	10	36,500	-	-	-	36,500	3,407	2,148	(1,259)	0.14	0.15	2.53
Dyneac Pakistan Limited	5	336,733	-	-	-	336,733	42,799	36,239	(6,560)	2.39	2.45	1.78
Engro Polymer & Chemical Limited	10	292,489	200,000	-	492,489	-	-	-	-	-	-	-
Ghani Gases Limited	10	126	-	-	-	126	2	2	-	0.00	0.00	0.00
Lofto Chemical Pakistan Limited	10	1,250,000	-	-	-	1,250,000	14,950	16,863	1,913	1.11	1.14	0.08
Nimir Industrial Chemicals Limited	10	672,500	-	-	-	672,500	46,073	41,029	(5,044)	2.71	2.78	0.61
							129,689	119,175	(10,514)			
Commercial Banks												
Allied Bank Limited	10	237,500	-	-	50,000	187,500	19,341	19,110	(231)	1.26	1.29	0.02
BankIslami Pakistan Limited	10	6,953,428	-	-	-	6,953,428	83,094	89,630	6,536	5.92	6.06	0.69
Faysal Bank Limited	10	50,000	-	-	50,000	-	-	-	-	-	-	-
Habib Bank Limited	10	-	75,000	-	-	75,000	11,187	11,353	166	0.75	0.77	0.01
National Bank of Pakistan Limited	10	-	50,000	-	-	50,000	2,575	2,597	22	0.17	0.18	0.00
Summit Bank Limited	10	2,700,159	1,000,000	-	-	3,700,159	7,034	3,885	(3,149)	0.26	0.26	0.14
United Bank Limited	10	-	24,500	-	-	24,500	3,871	3,773	(98)	0.25	0.26	0.00
							127,102	130,348	3,246			

Golden Arrow Selected Stocks Fund Limited - Quarterly Report September 2018

Name of the investee company	Face value per share	Number of shares					Balance as at September 30, 2018			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 investments	Market value as percentage of net assets	Investee paid up capital
----- Rupees in '000 ----- % -----												
Engineering												
Aisha Steel Mills Limited	10	2,875,000	-	-	-	2,875,000	45,339	36,915	(8,424)	2.44	2.50	0.35
Dost Steels Limited	10	133,000	-	-	-	133,000	1,052	867	(185)	0.06	0.06	0.04
Huffaz Seamless Pipe Industries Limited	10	391,745	-	-	50,000	341,745	7,142	10,598	3,456	0.70	0.72	0.62
							53,533	48,380	(5,153)			
Food & Personal Care Products												
Al Shaeer Corporation Limited	10	-	352,000	-	-	352,000	10,209	9,680	(529)	0.64	0.65	0.25
Murree Brewery Company Limited	10	37,950	-	-	37,950	-	-	-	-	-	-	-
Quice Food Industries Limited	10	1,547,500	-	-	-	1,547,500	7,798	7,970	232	0.53	0.54	1.57
							17,947	17,650	(297)			
Glass & Ceramics												
Balochistan Glass Limited	10	110,000	-	-	-	110,000	1,159	1,067	(92)	0.07	0.07	0.06
Shabbir Tiles & Ceramics Limited	5	388	-	-	-	388	8	7	(1)	0.00	0.00	0.00
							1,167	1,074	(93)			
Insurance												
Century Insurance Company Limited	10	423,559	-	-	-	423,559	9,458	8,814	(644)	0.58	0.60	0.84
EFU General Insurance Limited	10	155,700	-	-	-	155,700	23,313	16,971	(6,342)	1.12	1.15	0.08
Habib Insurance Company Limited	5	300,183	-	-	-	300,183	3,602	3,587	(15)	0.24	0.24	0.24
TPL Insurance Limited	10	330,346	-	42,944	-	373,290	7,089	8,026	937	0.53	0.54	0.40
							43,462	37,398	(6,064)			
Investment banks / inv. cos. / securities cos.												
Jahangir Siddiqui & Company Limited	10	2,165,000	-	-	-	2,165,000	39,381	31,392	(7,989)	2.07	2.12	0.24
JS Investments Limited	10	394,000	-	-	-	394,000	3,668	3,507	(161)	0.23	0.24	0.49
Pakistan Stock Exchange Limited	10	4,579,198	50,000	-	-	4,629,198	91,329	74,854	(16,475)	4.95	5.06	0.58
							134,378	109,753	(24,625)			
Miscellaneous												
MACPAC Films Limited	10	1,210,171	-	-	12,500	1,197,671	35,403	34,122	(1,281)	2.25	2.31	2.02
Pakistan Services Limited	10	13,400	-	-	-	13,400	13,199	13,547	348	0.90	0.92	0.04
							48,602	47,669	(933)			
Oil & Gas Exploration Companies												
Oil & Gas Development Company Limited	10	265,000	-	-	-	265,000	41,239	40,542	(697)	2.68	2.74	0.01
Pakistan Petroleum Limited	10	125,000	-	-	50,000	75,000	16,118	16,005	(113)	1.06	1.08	0.00
							57,357	56,547	(810)			

Name of the investee company	Face value per share	Number of shares						Balance as at September 30, 2018				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 investments	Market value as percentage of net assets	Investee paid up capital		
----- Rupees in '000 -----													%	
Oil & Gas Marketing Companies														
Sui Southern Gas Company Limited	10	100,000	-	-	100,000	-	-	-	-	-	-	-	-	-
Paper & Board														
Merit Packaging Limited	10	1,350,296	-	-	-	1,350,296	30,382	37,822	7,440	2.50	2.56	1.67		
Pakistan Paper Products Limited	10	179,000	-	-	-	179,000	21,498	25,150	3,652	1.66	1.70	2.98		
							51,880	62,972	11,092					
Power Generation & Distribution														
K-Electric Limited	3.5	13,928,500	-	-	-	13,928,500	79,114	74,517	(4,597)	4.92	5.04	0.05		
Sifara Energy Limited	10	263,151	-	-	-	263,151	5,997	6,263	266	0.41	0.42	1.38		
							85,111	80,780	(4,331)					
Sugar & Allied Industries														
Imperial Sugar Limited	10	378,000	-	-	-	378,000	10,180	7,560	(2,620)	0.50	0.51	0.38		
Shah Taj Sugar Mills Limited	10	24,537	-	-	-	24,537	2,849	2,245	(603)	0.15	0.15	0.20		
							13,029	9,805	(3,223)					
Synthetics & Rayon														
Pakistan Synthetics Limited	10	1,165,000	-	-	-	1,165,000	29,230	33,203	3,973	2.19	2.25	2.08		
Rupali Polyester Limited	10	12,701	-	-	-	12,701	375	386	11	0.03	0.03	0.04		
							29,605	33,589	3,984					
Technology & Communication														
Hum Network Limited	1	118,000	-	-	-	118,000	955	767	(188)	0.05	0.05	0.01		
Pakistan Telecommunication Company Limited	10	1,700,000	-	-	-	1,700,000	19,448	17,000	(2,448)	1.12	1.15	0.08		
TRG Pakistan Limited (*)	10	3,918,417	600,000	-	-	4,518,417	128,674	125,115	(3,559)	8.27	8.46	0.83		
							149,077	142,882	(6,195)					
Textile Composite														
Dawood Lawrencepur Limited	10	62,159	-	-	-	62,159	10,924	10,567	(357)	0.70	0.71	0.11		
Gul Ahmed Textile Mills Limited	10	300,000	-	-	-	300,000	12,879	14,667	1,788	0.97	0.99	0.07		
Ishaq Textile Mills Limited	10	6,500	-	-	-	6,500	59	47	(12)	0.00	0.00	0.08		
Kahinoor Mills Limited	10	80,500	-	-	-	80,500	2,381	2,335	(46)	0.15	0.16	0.16		
Sapphire Fibres Limited	10	47	-	-	-	47	43	41	(2)	0.00	0.00	0.00		
							26,286	27,657	1,371					

Name of the investee company	Face value per share	Number of shares				Balance as at September 30, 2018			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 investments	Market value as percentage of net assets	Investee paid up capital
----- Rupees in '000 ----- % -----												
Textile Spinning												
Crescent Fibres Limited	10	42,000	-	-	-	42,000	1,071	1,018	(53)	0.07	0.07	0.34
Din Textile Mills Limited	10	54,729	-	-	-	54,729	5,187	3,887	(1,300)	0.26	0.26	0.24
Elcof Spinning Mills Limited	10	883,554	-	-	-	883,554	63,086	66,046	2,960	4.36	4.47	8.07
Fazal Cloth Mills Limited	10	12,406	-	-	-	12,406	1,857	1,985	128	0.13	0.13	0.04
Gadoon Textile Mills Limited	10	19,301	-	-	-	19,301	4,864	5,076	212	0.34	0.34	0.07
Island Textile Mills Limited	10	40,600	-	-	-	40,600	48,720	66,033	17,313	4.36	4.47	8.12
Premium Textile Mills Limited	10	23,400	-	-	-	23,400	4,680	6,152	1,472	0.41	0.42	0.38
Saif Textile Mills Limited	10	217,000	-	-	-	217,000	3,798	3,804	6	0.25	0.26	0.82
							133,263	154,001	20,738			
Textile Weaving												
Prosperity Weaving Mills Limited	10	84,591	-	-	-	84,591	2,199	2,326	127	0.15	0.16	0.46
							2,199	2,326	127			
Vanaspatti & Allied Industries												
Punjab Oil Mills Limited	10	234,000	-	-	-	234,000	66,335	55,692	(10,643)	3.68	3.77	4.34
S.S. Oil Mills Limited	10	180,100	-	-	-	180,100	7,204	8,353	1,149	0.55	0.57	3.18
							73,539	64,045	(9,494)			
							1,547,060	1,513,505	(33,554)			
							1,771,983	1,556,648	(215,335)			
Total listed equity securities as at September 30, 2018												
Total listed equity securities as at June 30, 2018												

* 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 company as a percentage of net assets exceeded by 0.55% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations.

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board (SRB) had asked 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 neither financial institutions as required by SWWF Act, 2014, nor establishments but only pass through vehicles and hence, do not have any worker and no SWWF is payable by them. This fact has been communicated to SRB who have responded on November 11, 2016 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 decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds from SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 28.637 million. The aggregated provision as at September 30, 2018 is Rs. 27.540 million (June 30, 2018: Rs. 27.540 million). Had this provision not been made, the NAV of the Company would have been higher by 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.

6 CONTIGENCIES AND COMMITMENTS

There were no Contingencies and Commitments as of September 30, 2018 and June 30, 2018

7 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 11 of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

8 SALES TAX ON MANAGEMENT FEE

The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the fee of Management Company through the Sindh Sales Tax on Services Act, 2011.

9 FEDERAL EXCISE DUTY ON MANAGEMENT FEE

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 Company are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Company, the Management Company is of the view that further levy of FED was not justified.

On September 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC vide its Order dated June 30, 2016 has disposed of the petition by referring its judgment dated June 02, 2016 whereby it rendered the FED on certain services to be 'Ultra Vires' in the presence of Sindh Sales Tax Act 2011. However, the Federal Board of Revenue (FBR) has filed an appeal in the Supreme Court of Pakistan against this judgment of the SHC.

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

In view of the abovementioned facts and the pending decision by the Supreme Court of Pakistan, the Management Company has not made any further provision for FED in the books of accounts of the Fund with effect from July 1, 2016 and decided to retain the provision for FED already made in the books of accounts of the Company which aggregated to Rs. 16.59 million as at September 30, 2018 (June 30, 2018: Rs. 16.59 million). Had this provision not been made, the NAV of the Company would have been higher by Re. 0.11 per share.

10 EXPENSE RATIO

The expense ratio of the Fund from July 01, 2018 to September 30, 2018 is 0.70%, the total expense ratio includes 0.09% representing government levy and SECP fee.

11 TRANSACTIONS WITH 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 are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

	------(Unaudited) -----	
	Quarter ended September 30,	
	2018	2017
	(Rupees in '000')	
11.1 Transactions during the period		
AKD Investment Management Limited		
Remuneration to Management Company	7,560	9,268
Expenses allocated by the Management Company	378	463
AKD Securities Limited - Group Company		
Brokerage	11	-
Central Depository Company of Pakistan Limited (Custodian)		
Custodian Fee and CDS Charges	335	251

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(Rupees in '000')	
11.2 Transactions outstanding at the period / year end		
AKD Investment Management Limited - Management Company		
Remuneration payable	2,434	2,573
Sales Tax Provincial on Management Remuneration	317	334
Federal excise duty on management Remuneration	16,592	16,592
Expenses allocated by the Management Company	122	403
Others	600	600
Shares in issue (No. of shares: September 30, 2018: 23,882,895; June 30, 2018: 23,882,895)	119,414	119,414
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Shares in issue (No. of shares: September 30, 2018 : 2,092,812; June 30, 2018: 2,092,812)	10,464	10,464
AKD Securities Limited - Group Company		
Shares in issue (No. of shares: September 30, 2018; 2,889 June 30, 2018: 2,889)	14	14
Brokerage Payable	11	-
AKD Investment Management Limited - Staff Provident Fund		
Shares in issue (No. of shares: September 30, 2018, 284,046; June 30, 2018: 284,046)	1,420	1,420
Directors of the Company		
Shares of the Company held (No. of shares: September 30, 2018: 3,026,277; June 30, 2018: 3,026,277)	15,131	15,131
Central Depository Company of Pakistan Limited (Custodian)		
Fee payable (including transaction charges)	72	71
Javedan Corporation Limited - Common Directorship		
Shares held by the Company (No. of shares: September 30, 2018: 4,133,950; June 30, 2018: 4,133,950)	155,932	147,995
Prosperity Weaving Mill Limited Common Directorship		
Shares held by the Company (No. of shares: September 30, 2018: 84,591; June 30, 2018: 84,591)	2,326	2,199

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 effect 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, 2018 -----			
ASSETS	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investment in securities - at fair value through profit or loss	<u>1,513,505</u>	-	-	<u>1,513,505</u>
	<u>1,513,505</u>	<u>-</u>	<u>-</u>	<u>1,513,505</u>
	----- As at June 30, 2018 -----			
ASSETS	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investment in securities - at fair value through profit or loss	<u>1,556,648</u>	-	-	<u>1,556,648</u>
	<u>1,556,648</u>	<u>-</u>	<u>-</u>	<u>1,556,648</u>

During the period ended September 30, 2018, 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 27, 2018 by the Board of Directors of the Company.

14 GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees.

14.2 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.

Imran Moftwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

Abdul Karim
Director



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