

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

**Half Yearly Report**  
**December 31, 2020**  
**(Un-Audited)**



# half yearly report



**Partner with AKD**  
**Profit from the Experience**



**AKD Investment  
Management Ltd.**

**MANAGEMENT COMPANY**

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

**BOARD OF DIRECTORS  
OF THE MANAGEMENT COMPANY**

**Chairman**  
Mr. Abdul Karim

**Director & Chief Executive Officer**  
Mr. Imran Motiwala

**Director**  
Ms. Anum Dhedhi  
Ms. Aysha Ahmed  
Mr. Ali Wahab Siddiqui  
Mr. Hasan Ahmed  
Mr. Saim Mustafa Zuberi

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

Mr. Muhammad Yaqoob Sultan, CFA

**CHIEF FINANCIAL OFFICER  
OF THE MANAGEMENT COMPANY**

Muhammad Munir Abdullah

**HEAD OF INTERNAL AUDIT  
OF THE MANAGEMENT COMPANY**

Ms. Tayyaba Masoom Ali

**AUDIT COMMITTEE**

Mr. Ali Wahab Siddiqui (Chairman)  
Mr. Hasan Ahmed (Member)  
Mr. Saim Mustafa Zuberi (Member)  
Ms. Tayyaba Masoom Ali (Secretary)

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

Ms. Aysha Ahmed (Chairman)  
Mr. Abdul Karim (Member)  
Mr. Imran Motiwala (Member)  
Ms. Anum Dhedhi (Member)  
Mr. Saim Mustafa Zuberi (Member)  
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

**RATING**

AKD Investment Management Limited  
AM3++ (AM Three Plus Plus) issued by PACRA

**CORPORATION  
INFORMATION**

## *Vision*

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

# *Mission Statement*

*AKD Fund shall continuously strive to:*

- *Keep primary focus on investing clients' interest*
- *Achieve highest standards of regulatory compliance and good governance*
- *Prioritize risk management while endeavoring to provide inflation adjusted returns on original investment*
- *Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy*
- *Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent superior performance*
- *Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth*

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), AKD Islamic Stock Fund (AKDISSF), and Golden Arrow Stock Fund (GASF) – (*Formerly: Golden Arrow Selected Stocks Fund Limited*) is pleased to present its Half Yearly report along with the Funds' reviewed financial statements for the first half ended December 31, 2020.

### **FUNDS' FINANCIAL PERFORMANCE**

#### **AKD Opportunity Fund (AKDOF)**

For the 1HFY21, the return of AKD Opportunity Fund stood at 60.75% compared to the benchmark KSE-100 Index return of 27.11%. During 2QFY21, the return of AKDOF stood at 11.48% compared to the benchmark KSE-100 index return of 7.85%. For the 1QFY21, the return of AKD Opportunity Fund stood at 44.19% compared to the benchmark KSE-100 Index return of 17.87%.

#### **Golden Arrow Stock Fund (*Formerly: Golden Arrow Selected Stocks Fund Limited*)**

For the 1HFY21, the return of Golden Arrow Stock Fund (*Formerly: Golden Arrow Selected Stocks Fund Limited*) stood at 59.89% compared to the benchmark KSE-100 Index return of 27.11%. During 2QFY21, the return of GASF stood at 15.30% compared to the benchmark KSE-100 index return of 7.85%. For the 1QFY21, the return of Golden Arrow Stock Fund stood at 38.67% compared to the benchmark KSE-100 Index return of 17.87%.

#### **AKD Index Tracker Fund (AKDITF)**

For the 1HFY21, the return of AKD Index Tracker Fund stood at 25.34% compared to the benchmark KSE-100 Index return of 27.11%. During 2QFY21, the return of AKDITF stood at 7.31% compared to the benchmark KSE-100 index return of 7.85%. For the 1QFY21, the return of AKD Index Tracker Fund stood at 16.80% compared to the benchmark KSE-100 Index return of 17.87%.

#### **AKD Cash Fund (AKDCF)**

For the 1HFY21, the annualized return of AKD Cash Fund stood at 6.27% compared to the benchmark return of 6.67%. During 2QFY21, the annualized return of AKDCF stood at 6.01% compared to the benchmark return of 6.63%. For the 1QFY21, the annualized return of AKD Cash Fund stood at 6.43% compared to benchmark return of 6.72%.

#### **AKD Aggressive Income Fund (AKDAIF)**

For the 1HFY21, the annualized return of AKD Aggressive Income Fund stood at 5.70% compared to the benchmark return of 7.51%. During 2QFY21, the annualized return of AKDAIF stood at 6.51% compared to the benchmark return of 6.67%. For the 1QFY21, the annualized return of AKD Aggressive Income Fund stood at 4.81% compared to benchmark return of 7.34%.

### **AKD Islamic Income Fund (AKDISIF)**

For the 1HFY21, the annualized return of AKD Islamic Income Fund stood at 6.62% compared to the benchmark return of 3.93%. During 2QFY21, the annualized return of AKDISIF stood at 5.09% compared to the benchmark return of 3.44%. For the 1QFY21, the annualized return of AKD Islamic Income Fund stood at 8.04% compared to benchmark return of 4.42%.

### **AKD Islamic Stock Fund (AKDISSF)**

For the 1HFY21, the return of AKD Islamic Stock Fund stood at 39.62% compared to the benchmark KMI-30 Index return of 29.41%. During 2QFY21, the return of AKDISSF stood at 6.10% compared to the benchmark KMI-30 index return of 9.93%. For the 1QFY21, the return of AKD Islamic Stock Fund stood at 31.60% compared to the benchmark KMI-30 Index return of 17.72%.

### **MACRO PERSPECTIVE:**

Following a decade's low GDP growth of negative 0.38% during FY20, owing to disruption in economic activities due to COVID-19 outbreak, Pakistan has witnessed a strong rebound during 1HFY21 as business activities resumed and macroeconomic indicators have begun to turn the corner. To this end, Large Scale Manufacturing (LSM) has registered a growth of 7.41%YoY in 5MFY21 vs. 5.37% decline in the same period last year, pointing towards an economy on track to achieve real GDP growth target of over 2%.

Major contribution towards LSM growth came from Food, Beverages & Tobacco (weight 12.37%), Non Metallic Mineral Products (weight 5.36%), and Pharmaceuticals (weight 3.62%) which increased by 21.28%, 20.60%, and 12.95% respectively. However, some of the increase was eroded by negative contribution from Iron & Steel Products (weight 5.39%), Electronics (weight 1.96%), and Leather Products (weight 0.86%), which decreased by 3.69%, 18.00%, and 43.04%, respectively during July-November FY21.

During the period under review, external account turned positive after witnessing consecutive current account deficit since 4QFY15, resulting in strengthening of local currency by 5.14% since year ended FY20. External account of the country clocked in at a surplus of USD 1.13 billion (0.81% of GDP) as compared to a deficit of USD 2.03 billion (1.53% of GDP) recorded during the same period last year. Improvement in external account can be attributed to a 24.91%YoY surge in workers' remittances owing to constraints in informal channels after closure of international flights. The Exports of Goods & Services declined by 3.82%YoY to USD 14.65 billion owing to shutdown of export destinations. Imports of Goods & Services increased by 1.35%YoY to US\$27.02 billion due to rise in international commodity prices and volumetric increase in line with pickup in economic activity.

During the 1HFY21, Pakistan was able to attract USD0.95 billion in gross FDI as compared to USD 1.36 billion in SPLY, exhibiting a decrease of 29.77% YoY. Portfolio Investment has witnessed net outflow of USD 244.40 million as compared to inflow of USD 18.80 million during SPLY. Moreover, investment in debt securities also turned negative to USD 193.80 million from positive USD 452.20 million owing to a

decrease in interest rates. Net open position by foreign investors stood at USD 3.07 billion, USD 0.34 billion, and USD 0.19 billion in Equity, T-Bills and PIBs respectively.

Total liquid foreign exchange reserves of Pakistan stood at USD 20.55 billion by December 2020 (USD 13.41 billion net reserves with State Bank of Pakistan and USD 7.13 billion net reserves with banks) as compared to USD 17.93 in SPLY.

On the fiscal front, the Federal Board of Revenue (FBR) has made net revenue collection of PKR 2,204 billion during first six months of FY21, up by 4.90%YoY as compared to PKR 2,101 billion recorded during SPLY owing to faster recovery in the economy. During the period under review, refunds of PKR 102 billion have been issued compared to PKR 53 billion for the SPLY. Government is expected to achieve its collection target of PKR 4.96 trillion for FY21, up by 24.17% as compared to FY20 collection of PKR ~4.00 trillion.

As per the Pakistan Bureau of Statistics (PBS), National Consumer Price Index (NCPI) for the month of December 2020 stood at 7.97%YoY which pulled down the average inflation for 6MFY21 to 8.63% as compared to 11.11% SPLY. This significant increase in monthly inflation was primarily due to increase in prices of Food and Non-alcoholic Beverages (weight 34.58%) by 13.30%YoY. Average core inflation (non-food non-energy) for Urban and Rural in Dec'20 clocked in at 5.53% and 7.65%, respectively.

## **EQUITY REVIEW:**

Local bourse continued its positive trajectory where benchmark KSE-100 Index surged by 9,333pts, an increase of 27.11% and 7.84% during 1HFY21 and 2QFY21 respectively. The Index closed at 43,755pts as compared to 34,422pts at FY20-close. To recap, during 4QFY20, KSE-100 Index surged by 5,190pts after witnessing a decline of 11,503pts during 3QFY20. Local stock market witnessed healthy participation during the period under review as average daily traded turnover surged to 447.54 million shares as compared to 196.53 million shares recorded during FY20. Moreover investor interest diverted to second tier and third tier stocks as KSE-100 contribution to total volumes decreased to 59.38% from 68.92% recorded during FY20

Despite political noise, local market remained buoyant due to improvement in macroeconomic conditions of the country. Some of the positive triggers that kept the market sentiment bullish included 1) Current Account Surplus of USD 1.13 billion during 1HFY21 resulting in appreciation of local currency by 5.14%, 2) 1% Negative real interest rate despite stable interest rates, 3) FBR collection increasing by 4.90% YoY to PKR 2,204 billion during first six months of FY21, 4) LSM growing by 7.41% YoY during July-November FY21, 5) Exuberant response in Roshan digital account with deposit of USD 200 million, 6) Progress in resolution of Circular debt, 7) Prime Minister unveiling Karachi 'Transformation' Plan, 8) Asian Development Bank (ADB) approving USD 300 million loan for strengthening capital markets, 9) Pfizer and BioNTech unveiling the Covid-19 vaccine with 90% efficacy in Phase 3 trials in early November followed by Moderna (94% efficacy) and AstraZeneca (60-70% efficacy), and 10) FATF retaining Pakistan on the grey list until February 2021.

Foreign investors remained net sellers for fifth consecutive quarter with net outflow of USD 183.93 million. During 1HFY21 Individuals, Companies and Insurance companies were the major net buyers with net inflows of USD 159.11 million, USD 90.55 million and USD 82.60 million respectively. However, Banks/DFI and Broker Proprietary Trading were the net sellers with net outflow of USD 68.77 million and USD 9.35 million respectively.

There was a major outperformance witnessed in different sectors during 1HFY21 which helped the KSE-100 Index maintain its momentum. Market capitalization of sectors i.e. Commercial Banks, Cement, Automobile Assembler, Food & Personal Care Products, and Chemicals increased by 28.05%, 50.74%, 40.82%, 15.14% and 29.22%, respectively. In terms of valuation, KSE-100 Index closed at FY21 Price to Earnings Multiple of 6.81x, 54.95% discount compared to MSCI Emerging Market P/E of 15.11x, offering a healthy dividend yield of 5.22%.

### **MONEY MARKET REVIEW:**

During 1HFY21, thirteen (13) MTB auctions were conducted, where the State Bank of Pakistan managed to raise PKR 5.12 trillion cumulatively. Weighted average yield of 3 months, 6 months, and 12 months MTB were 7.02%, 7.07%, and 7.16%, respectively as compared to 13.49%, 13.52%, and 13.49% for same period last year. It is pertinent to note that the yield curve has been on an increasing trend since touching its low of 6.43%, 6.47% and 6.55% for 3 months, 6 months, and 12 months MTB ,respectively in July 2020 auction, depicting an upward slope in the yield curve within short tenure paper as well. Additionally, upward sloping yield curve for recent MTB auctions further suggests future increase in the interest rates.

To further address demand for liquidity, the SBP conducted six (6) auctions of fixed rate Pakistan Investment Bonds (PIBs) and was successful in raising PKR 291.54 billion cumulatively during 1HFY21. The weighted average yield of 3 years, 5 years, and 10 years fixed rate PIBs were 8.02%, 8.40%, and 8.95% respectively, as compared to 12.96%, 12.59%, and 12.36%, during same period last year. The Monetary Policy Committee (MPC) announced two (2) Monetary Policy Statements in 1HFY21, where the Committee maintained the policy rate at 7% amid the Covid-19 pandemic with an aim to cushion the slowdown in growth rate while maintaining its inflation outlook and financial stability. The SBP conducted 44 Open Market Operations (OMO) in 1HFY21 of different maturities, in which it injected an average amount of PKR 631.59 billion per OMO at an average cut-off yield of 7.03%, and mopped up an average amount of PKR 41.63 billion per OMO at an average cut-off yield of 6.92%.

As per the auction target calendar for January-March 2021, the SBP targets to raise PKR 2.90 trillion by issuing 3 months, 6 months, and 12 months MTB against maturity amount of PKR 3.29 trillion. Moreover, SBP targets to raise PKR 300 billion by issuing 3 - 30 years fixed rate PIBs and PKR 270 billion by issuing 3 – 10 years floating rate PIBs.



## **FUTURE OUTLOOK:**

Going into 2HFY21, the market is expected to follow FATF related news and any compliance requirement under IMF program. Moreover, any change in liquidity owing to interest rates may decide further directions of the capital market. With the slippage in external account during December 2021, the increase in international oil prices coupled with demand side pressures due to low interest rates will keep the interest rates and exchange rate in limelight.

With the upcoming result season, near term market performance will largely be guided by earning reads. Investor's response towards Initial Public Offerings and Right issues by companies depict positive opportunity for existing investors and helping investors get attracted to the market. Equity benchmarks are likely to remain in the bull-run trajectory with future expected growth in corporate earnings due to recently announced packages and low interest rates justifying upward re-rating in PE of Benchmark KSE-100 Index.

The Government's initiatives of attracting investments from Non-Resident Pakistanis (NRP) are also expected to bode well for the country. Reportedly, Roshan Digital Account has attracted deposit of more than USD 400 million in +80 thousands accounts as of February 3<sup>rd</sup> 2021. Government is expecting an inflow of USD 1 billion during FY21 from Digital Accounts. The new initiative allows Pakistani diaspora to invest in equity market and will bring fresh liquidity to the capital market.

On the Fixed Income front, negative real interest rates remain contentious considering the country is under an IMF Program. Future expected increase in National Consumer Price Index due to increase in international oil prices coupled with increasing demand may put upward pressure on interest rates. We expect the SBP to opt for contractionary monetary policy during 2HFY21.

For and on behalf of the board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim Memon**  
Chairman

Karachi: February 25, 2021

# AKD Islamic Income Fund



## MANAGEMENT COMPANY

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

## TRUSTEE

MCB Financial Services Limited  
4th Floor, Perdesi House,  
2/1 R-Y Old Queens Road,  
Karachi-74200

## BANKERS

BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Summit Bank Limited (Islamic Banking)

## AUDITORS

**Yousuf Adil**  
Chartered Accountants  
Cavish Court A-35, Block 7 & 8  
KCHSU, Sharah-e-Faisal,  
Karachi-75350, Pakistan

## LEGAL ADVISER

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

## REGISTRAR

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

## DISTRIBUTORS

AKD Investment Management Limited  
Investomate (Private) Ltd.  
Investlink Advisor (Private) Limited  
Metro Capital (Private) Ltd.

## RATING

AKD Islamic Income Fund  
PACRA: A+(f) [A Plus(f)]

## FUND MANAGER'S REPORT

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

Open – End Islamic Income Scheme.

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

AKD Islamic income fund (AKDISIF) is a fund that primarily focuses on Shariah compliant income securities and instruments. The objective of AKDISIF is to provide investors with an investment vehicle that strives to enhance capital coupled with regular halal income by investing in Shariah compliant income investments.

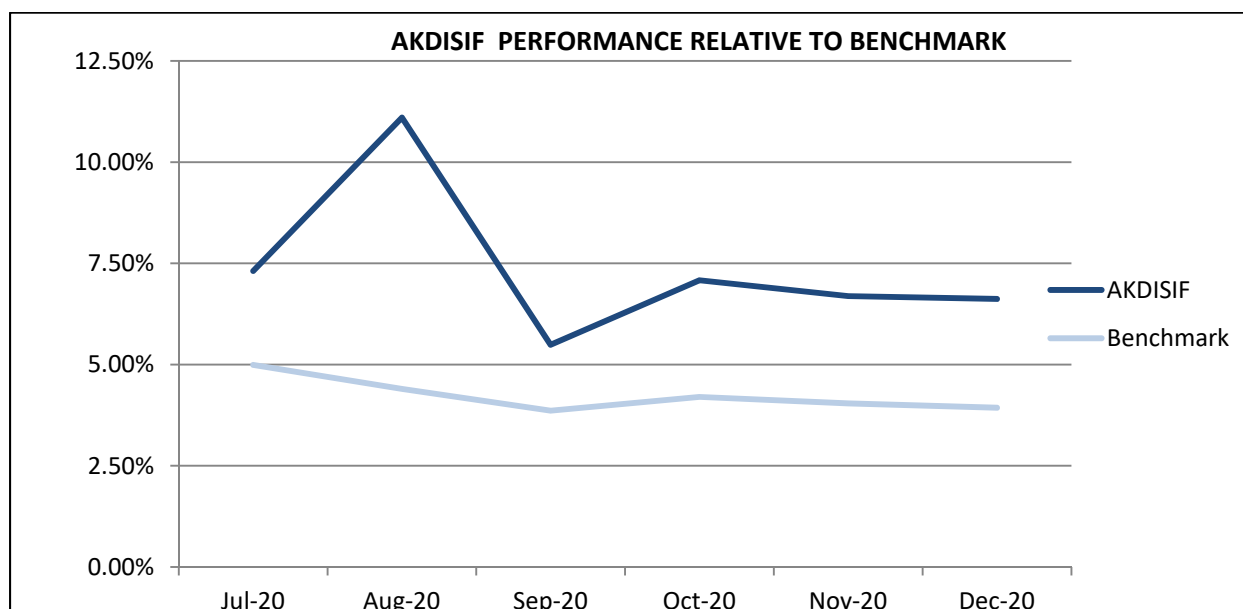
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the 1HFY21, the annualized return of AKD Islamic Income Fund stood at 6.62% compared to benchmark return of 3.93%.

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

Six (6) months average deposit rates of three (3) A Rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.

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



Monthly yield (annualized)	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
<b>AKDISIF</b>	7.31%	11.10%	5.49%	7.08%	6.69%	6.62%
<b>Benchmark</b>	4.99%	4.40%	3.86%	4.20%	4.04%	3.93%

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

AKD Islamic income fund is an Open – End Islamic Income Scheme. The returns of the fund are generated through investment in high quality Shariah complaint securities and Islamic Bank deposit. AKDISIF is fully complied with the relevant policies and procedures as per fund’s regulatory requirement.

vii) **Disclosure of Collective Investment Scheme’s asset allocation as the date of report and particulars of significant changes in asset allocation:**

<b>Asset Allocation (% of Total Assets)</b>	<b>31-Dec-20</b>	<b>30-Sep-20</b>
Cash and Cash Equivalents	54.00%	57.62%
Sukuk	31.18%	18.24%
Commercial Papers	3.09%	-
Other Assets including Receivables	11.73%	24.14%

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

<b>1HFY21 Return (annualized)</b>	<b>6.62%</b>
<b>Benchmark Return (annualized)</b>	<b>3.93%</b>

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

<b>Net Assets Value</b>		<b>Change in Net Assets</b>	<b>NAV Per Unit</b>	
<b>31-Dec-20</b>	<b>30-Sep-20</b>		<b>31-Dec-20</b>	<b>30-Sep-20</b>
<b>(Rupees in 000)</b>			<b>(Rupees)</b>	
<b>362,293</b>	<b>215,532</b>	<b>68.09%</b>	<b>51.88</b>	<b>51.22</b>

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

**MACRO PERSPECTIVE:**

Following a decade’s low GDP growth of negative 0.38% during FY20, owing to disruption in economic activities due to COVID-19 outbreak, Pakistan has witnessed a strong rebound during 1HFY21 as business activities resumed and macroeconomic indicators have begun to turn the corner. To this end, Large Scale Manufacturing (LSM) has registered a growth of 7.41%YoY in 5MFY21 vs. 5.37% decline in the same period last year, pointing towards an economy on track to achieve real GDP growth target of over 2%.

Major contribution towards LSM growth came from Food, Beverages & Tobacco (weight 12.37%), Non Metallic Mineral Products (weight 5.36%), and Pharmaceuticals (weight 3.62%) which increased by 21.28%, 20.60%, and 12.95% respectively. However, some of the increase was eroded by negative

contribution from Iron & Steel Products (weight 5.39%), Electronics (weight 1.96%), and Leather Products (weight 0.86%), which decreased by 3.69%, 18.00%, and 43.04%, respectively during July-November FY21.

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On the fiscal front, the Federal Board of Revenue (FBR) has made net revenue collection of PKR 2,204 billion during first six months of FY21, up by 4.90%YoY as compared to PKR 2,101 billion recorded during SPLY owing to faster recovery in the economy. During the period under review, refunds of PKR 102 billion have been issued compared to PKR 53 billion for the SPLY. Government is expected to achieve its collection target of PKR 4.96 trillion for FY21, up by 24.17% as compared to FY20 collection of PKR ~4.00 trillion.

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touching its low of 6.43%, 6.47% and 6.55% for 3 months, 6 months, and 12 months MTB ,respectively in July 2020 auction, depicting an upward slope in the yield curve within short tenure paper as well. Additionally, upward sloping yield curve for recent MTB auctions further suggests future increase in the interest rates.

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On the Fixed Income front, negative real interest rates remain contentious considering the country is under an IMF Program. Future expected increase in National Consumer Price Index due to increase in

international oil prices coupled with increasing demand may put upward pressure on interest rates. We expect the SBP to opt for contractionary monetary policy during 2HFY21.

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

There was no significant change in the state of affairs during the period under review.

**xii) Break down of unit holding by size:**

<b>Range (Units)</b>	<b>No. of Investors</b>
0.1 - 9,999	369
10,000 - 49,999	33
50,000 - 99,999	6
100,000 - 499,999	7
500,000 and above	4
	<b>419</b>

**xiii) Disclosure on unit split (if any), comprising:**

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

**xv) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:**

No soft commission has been received by the AMC from its broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### AKD ISLAMIC INCOME FUND

#### Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

AKD Islamic Income Fund, an open-end Scheme established under a Trust Deed dated August 30, 2017 executed between AKD Investment Management Limited, as the Management Company and Digital Custodian Company Limited Formerly MCB Financial Services Limited, as the Trustee. The Fund commenced its operations on February 21, 2018.

1. AKD Investment Management Limited, the Management Company of AKD Islamic Income Fund has, in all material respects, managed AKD Islamic Income Fund during the period ended December 31<sup>st</sup>, 2020 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement



Khawaja Anwar Hussain  
Chief Executive Officer  
Digital Custodian Company Limited  
Formerly MCB Financial Services Limited

Karachi: February 25, 2021



# **AKD Islamic Income Fund**

Financial Statements  
For the half year ended December 31,  
2020

## **INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AKD ISLAMIC INCOME FUND** (here-in-after referred to as the "Fund") as at December 31, 2020, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unitholders' funds, condensed interim statement of cash flows and notes to the condensed interim financial information (here-in-after referred to as the 'condensed interim financial information') for the half year ended December 31, 2020. The Management Company (**AKD Investment Management Limited**) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2020 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



**Chartered Accountants**

**Place:** Karachi

**Date:** February 26, 2021


**AKD ISLAMIC INCOME FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2020**

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	5	209,797	232,235
Investments	6	133,137	64,686
Profit receivable		2,673	3,754
Deposits, prepayments and other receivables	7	269	327
Preliminary expenses and floatation cost	8	613	757
Receivable from other funds against conversion of units		41,990	-
<b>Total assets</b>		<b>388,479</b>	<b>301,759</b>
<b>Liabilities</b>			
Payable to AKD Investment Management Limited - Management Company	9	937	1,182
Payable to the MCB Financial Services Limited -Trustee	10	32	34
Payable to Securities and Exchange Commission of Pakistan	11	22	52
Accrued and other liabilities	12	1,505	2,896
Payable to other funds against conversion of units		23,690	-
<b>Total liabilities</b>		<b>26,186</b>	<b>4,164</b>
<b>Net assets</b>		<b>362,293</b>	<b>297,595</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>362,293</b>	<b>297,595</b>
<b>Contingencies and commitments</b>			
	13	(Number of units)	
<b>Number of units in issue</b>		<b>6,983,241</b>	<b>5,927,534</b>
		Rupees	
<b>Net assets value per unit</b>		<b>51.8804</b>	<b>50.2055</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

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For AKD Investment Management Limited  
(Management Company)

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

**AKD ISLAMIC INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020**

	Note	For the half year ended December 31,		For the quarter ended December 31,	
		2020	2019	2020	2019
(Rupees in '000)					
<b>Income</b>					
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'at fair value through profit or loss'	6.5	489	(29)	(291)	88
Income from sukuk certificates		3,072	3,022	1,692	1,402
Income from commercial paper		359	-	63	-
Profit on bank deposits		4,670	12,785	2,659	6,797
<b>Total income</b>		<b>8,590</b>	<b>15,778</b>	<b>4,123</b>	<b>8,287</b>
<b>Expenses</b>					
Remuneration of the Management Company	9.1	447	246	259	246
Sales tax on the remuneration of the Management Company	9.2	58	32	33	32
Remuneration of the Trustee	10.1	134	145	78	74
Sales tax on the Trustee remuneration	10.2	16	19	9	8
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	22	24	13	12
Expenses allocated by the Management Company	9.3	168	121	97	62
Auditors' remuneration		117	90	58	46
Settlement and bank charges		39	41	20	22
Amortisation of preliminary expenses and floatation costs		144	144	72	72
Fee and subscription		217	99	142	51
Printing and related cost		76	75	38	37
Legal and professional charges		109	157	11	78
Provision against Sindh Workers' Welfare Fund		141	292	66	151
<b>Total expenses</b>		<b>1,688</b>	<b>1,485</b>	<b>896</b>	<b>891</b>
<b>Net income for the period before taxation</b>		<b>6,902</b>	<b>14,293</b>	<b>3,227</b>	<b>7,396</b>
Taxation	15	-	-	-	-
<b>Net income for the period after taxation</b>		<b>6,902</b>	<b>14,293</b>	<b>3,227</b>	<b>7,396</b>
<b>Allocation of net income for the period</b>					
- Net income for the period after taxation		6,902	14,293	3,227	7,396
- Income already paid on units redeemed		(1,137)	(3,774)	(798)	(3,146)
		<b>5,765</b>	<b>10,519</b>	<b>2,429</b>	<b>4,250</b>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		489	-	(291)	88
- Excluding capital gains		5,276	10,519	2,720	4,162
		<b>5,765</b>	<b>10,519</b>	<b>2,429</b>	<b>4,250</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director


**AKD ISLAMIC INCOME FUND  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
 FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020**

	For the half year ended December 31,		For the quarter ended December 31,	
	2020	2019	2020	2019
	(Rupees in '000)			
Net income for the period after taxation	6,902	14,293	3,227	7,396
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>6,902</b>	<b>14,293</b>	<b>3,227</b>	<b>7,396</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

YD

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

  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Director

**AKD ISLAMIC INCOME FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020**

Note	For the half year ended December 31,		For the quarter ended December 31,	
	2020	2019	2020	2019
(Rupees in '000)				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	6,902	14,293	3,227	7,396
<b>Net income for the period before taxation</b>				
<b>Adjustments for non cash and other items</b>				
	141	292	66	151
	144	144	72	72
	(489)	29	291	(88)
	6,898	14,758	3,656	7,531
<b>(Increase) / decrease in assets</b>				
	58	69	10	49
	1,081	(90)	(1,632)	323
	1,139	(21)	(1,622)	372
<b>(Decrease) / Increase in liabilities</b>				
	(245)	(106)	(232)	159
	(2)	-	11	(2)
	(30)	(100)	13	12
	(1,532)	(574)	(1,008)	190
	(1,809)	(780)	(1,216)	359
	(67,962)	19,500	(84,737)	18,249
<b>Net cash (used in) / generated from operating activities</b>				
	(61,934)	33,457	(83,919)	26,511
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	703,880	174,782	570,829	68,720
	(664,384)	(199,884)	(430,943)	(111,341)
	39,496	(25,102)	139,886	(42,621)
<b>Net (decrease) / increase in cash and cash equivalents</b>				
	(22,438)	8,355	55,967	(16,110)
	232,235	178,015	153,830	202,480
	209,797	186,370	209,797	186,370

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**AKD ISLAMIC INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020**

	For the half year ended December 31, 2020			For the half year ended December 31, 2019		
	Capital value	Undistrib- uted income	Total	Capital value	Undistrib- uted Income	Total
	(Rupees in '000)					
Net assets at beginning of the period	296,649	946	297,595	224,936	652	225,588
Issue of 14,511,591 units (2019: 3,410,522 units)						
- Capital value (at Ex-Net asset value per unit at beginning of the period)	728,560	-	728,560	171,050	-	171,050
- Element of income	17,310	-	17,310	3,732	-	3,732
Total proceeds on issuance of units	745,870	-	745,870	174,782	-	174,782
Redemption of 13,455,884 units (2019: 3,872,362 units)						
- Capital value (at Ex-Net asset value per unit at beginning of the period)	675,558	-	675,558	194,213	-	194,213
Amount paid out of element of income	-	1,137	1,137	-	3,774	3,774
- Element of income	11,379	-	11,379	1,897	-	1,897
Total payments on redemption of units	686,937	1,137	688,074	196,110	3,774	199,884
Total comprehensive income for the period	-	6,902	6,902	-	14,293	14,293
<b>Net assets at end of the period</b>	<b>355,582</b>	<b>6,711</b>	<b>362,293</b>	<b>203,608</b>	<b>11,171</b>	<b>214,779</b>
<b>Distribution for the period</b>						
Undistributed income brought forward						
- Realised income		588			864	
- Unrealised income / (loss)		358			(212)	
		946			652	
Accounting income available for distribution						
- Relating to capital gains		489			-	
- Excluding capital gains		5,276			10,519	
		5,765			10,519	
<b>Undistributed income carried forward</b>		<b>6,711</b>			<b>11,171</b>	
Undistributed income carried forward						
- Realised income		6,222			11,200	
- Unrealised income / (loss)		489			(29)	
		6,711			11,171	
Net assets value per unit at beginning of the period			50.2055			50.1537
Net assets value per unit at end of the period			51.8804			53.2146

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

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For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**AKD ISLAMIC INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020**

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

AKD Islamic Income Fund (the Fund) was established under a Trust Deed, dated August 30, 2017, executed between AKD Investment Management Limited (AKDIML) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on May 30, 2017. The initial Public Offering (IPO) of the Fund was made during the period from February 19, 2018 to February 20, 2018 and the Fund commenced operations from February 21, 2018. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. February 19, 2018.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

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

The Fund is categorised as an open end Shariah Complaint (Islamic) Income Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Pvt.) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained Asset Manager Rating of 'AM3++' to the Management Company dated February 08, 2021. PACRA has also assigned fund stability rating of "A+(f)" to the fund dated October 22, 2020.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, 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; 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 VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

**2.1.3** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.



## 2.2 Basis of measurement

This financial information has been prepared under the historical cost convention, except that investments are measured at

## 2.3 Functional and presentation currency

This condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of audited financial statements of the Fund as at and for the year ended June 30, 2020.

3.2 The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended June

3.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

## 4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2020.

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
Note		----- (Rupees in '000) -----	
<b>5. BANK BALANCES</b>			
Saving accounts	5.1	<u>209,797</u>	<u>232,235</u>
5.1	Mark-up rates on these accounts range between 5.00% - 6.50% per annum (June 30, 2020: 5.00% - 7.50% per annum).		

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
Note		----- (Rupees in '000) -----	
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss'</b>			
- Sukuk certificates - listed	6.1	20,850	22,911
- Sukuk certificates - unlisted	6.2	<u>100,287</u>	<u>25,000</u>
		121,137	47,911
<b>At amortised cost</b>			
- Commercial paper - unlisted	6.4	<u>12,000</u>	<u>16,775</u>
		<u>133,137</u>	<u>64,686</u>

6.1 Sukuk certificates - listed

Name of investee company	Rate of return	Number of certificates			Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealised appreciation / (diminution) as at December 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2020	Purchased during the period	Sold / matured during the period					
Dawood Hercules Corporation Limited	8.30%	200	-	-	12,139	12,132	(7)	3.35%	8.11%
BYCO Petroleum Pakistan Limited	8.34%	150	-	-	8,772	8,718	(54)	2.41%	6.55%
<b>Total as at December 31, 2020</b>					<u>20,911</u>	<u>20,850</u>	<u>(61)</u>		
<b>Total as at June 30, 2020</b>					<u>22,553</u>	<u>22,811</u>	<u>358</u>		

(Rupees in '000)

6.2 Sukuk certificates - unlisted

Hub Power Company Limited	14.18%	250	-	-	25,000	25,550	550	7.05%	19.19%
Hub Power Holdings Limited	9.85%	-	300	-	24,737	24,737	-	6.83%	18.56%
TPL Trakker Limited	10.29%	-	50	-	50,000	50,000	-	13.80%	37.56%
<b>Total as at December 31, 2020</b>					<u>99,737</u>	<u>100,287</u>	<u>550</u>		
<b>Total as at June 30, 2020</b>					<u>25,000</u>	<u>25,000</u>	<u>-</u>		

6.3 Significant terms and conditions of listed sukuk certificates are as follows:

Name of investee company	Face value per certificate (Rupees)	Redeemed Face value per certificate (Rupees)	Markup rate	Issue date	Maturity date	Secured / Unsecured	Rating
<b>Sukuk certificates - listed</b>							
Dawood Hercules Corporation Limited	100,000	60,000	3 months KIBOR + 1.00%	November 16, 2017	November 16, 2022	Secured	AA
BYCO Petroleum Pakistan Limited	100,000	58,333	3 months KIBOR + 1.05%	January 18, 2017	January 18, 2022	Secured	AAA
<b>Sukuk certificates - unlisted</b>							
Hub Power Company Limited	100,000	100,000	1 year KIBOR + 1.90%	March 19, 2020	March 19, 2024	Secured	AA+
Hub Power Holdings Limited	82,459	82,459	6 months KIBOR + 2.50%	November 12, 2020	November 12, 2025	Secured	AA+
TPL Trakker Limited	1,000,000	1,000,000	3 months KIBOR + 3.00%	December 31, 2020	December 31, 2025	Secured	A+

6.4 Commercial paper

Name of investee company	Profit rate	Issue date	Maturity date	Face Value	Carrying Value	Markup rate	Carrying value as a percentage of total of net assets	Carrying value as a percentage of total investments	Rating
Kot Addu Power Company Limited	7.99%	December 8, 2020	June 8, 2021	12,000	12,000	3 Month KIBOR + 70 bps	3.31%	9.01%	A-1+
<b>Total as at June 30, 2020</b>				<u>18,000</u>	<u>16,775</u>				

(Rupees in '000)

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	(Rupees in '000)	
<b>6.5</b>	<b>Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'</b>		
		121,137	22,911
		<u>120,648</u>	<u>22,553</u>
		<u>489</u>	<u>358</u>
<b>7.</b>	<b>DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Security deposits with Central Depository Company of Pakistan Limited	100	100
	Shairah advisor fee	36	173
	Annual listing fee - PSX	14	-
	Annual rating fee	65	-
	Advance tax	54	54
	7.1	<u>269</u>	<u>327</u>
<b>7.1</b>	As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150. However, uptill period ended December 31, 2020, withholding tax on profit on debt and dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II - 66417- R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not presented before him by the withholder.		
<b>8.</b>	<b>PRELIMINARY EXPENSES AND FLOATATION COST</b>	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Cost	1,433	1,433
	Accumulated amortisation		
	Opening balance	(676)	(389)
	Amortisation during the period / year	(144)	(287)
	Closing balance	(820)	(676)
	Less: Amortised during the period	<u>613</u>	<u>757</u>
<b>8.1</b>	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.		
<b>9.</b>	<b>PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED-MANAGEMENT COMPANY</b>	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Management remuneration	93	100
	Sindh sales tax on management remuneration	12	13
	Expenses allocated by the management company	35	25
	Formation cost	757	1,044
	Sales load payable	40	-
		<u>937</u>	<u>1,182</u>

- 9.1 The Management Company charged remuneration at the rate of 0.40% per annum of the average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 9.2 Sindh Sales Tax at the rate of 13% (June 30, 2020: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.
- 9.3 The Management Company has charged expenses at the rate of 0.15% (June 30, 2020: 0.1%) per annum of the average annual net assets of the Fun under the Regulation 60 of the NBFC Regulations and SECP vide SRO 639 dated June 20, 2019.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
(Rupees in '000)			
<b>10. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE</b>			
Trustee fee	10.1	28	30
Sindh Sales Tax	10.2	4	4
		<u>32</u>	<u>34</u>

- 10.1 The Trustee is entitled to a monthly remuneration to be paid monthly in arrears for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

The tariff structure applicable to the Fund is as follows:

Amount of Funds Under Management [Average Net Assets Value (NAV)]	Tariff per annum
Upto Rs 1,000 million	0.12% of Net Assets
Exceeding Rs 1,000 million and up to Rs.5,000 million	Rs. 1.2 million plus 0.065% per anum of the amount exceeding Rs. 1,000 million
Exceeding Rs. 5,000 million and up to Rs. 10,000 million	Rs. 3.8 million plus 0.06% per anum of the amount exceeding Rs. 5,000 million

- 10.2 Sindh Sales Tax at the rate of 13% (June 30, 2020: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
(Rupees in '000)			
<b>11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>			
Annual fee payable to SECP	11.1	<u>22</u>	<u>52</u>

- 11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, all Collective Investment Schemes are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02 percent of the average annual net assets of the scheme.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
(Rupees in '000)			
<b>12. ACCRUED AND OTHER LIABILITIES</b>			
Auditors remuneration		117	173
Printing charges payable		202	150
Provision for Sindh Workers' Welfare Fund	12.1	1,046	905
Withholding tax payable		91	1,471
Others		49	197
		<u>1,505</u>	<u>2,896</u>

12.1 There is no change in the status of the SWWF as reported in the audited annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for SWWF not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2020 would have been higher by Re. 0.150 per unit (June 30, 2020 Re. 0.153 per unit).

### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2020 and June 30, 2020.

### 14. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the period ended December 31, 2020 is 1.51% (June 30, 2020: 1.31%) and this includes 0.23% (June 30, 2020: 0.33%) representing government levies on the Fund such as sales taxes, annual fees to SECP etc.

### 15. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in this condensed interim financial information.

### 16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include AKD Investment Management Limited (being the Management Company) and its related entities, Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and key management personnel of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

The details of transactions carried out by the Fund with related parties / connected persons and balances with them are as follows:

	(Unaudited) For the half year ended December 31,	
	2020	2019
	(Rupees in '000)	
<b>16.1 Transactions during the period</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	447	246
Sindh Sales Tax on Management remuneration	58	32
Expenses allocated by the Management Company	168	121
Redemption of Nil (2019: 56) units	-	3
<b>MCB Financial Services Limited - Trustee</b>		
Trustee remuneration	134	145
Sindh Sales Tax on trustee remuneration	16	19
<b>Chief Financial Officer of the Management Company</b>		
Issue of 13 units (2019: Nil)	1	-

(Unaudited)  
For the half year ended  
December 31,

2020                      2019

(Rupees in '000)

**Company Secretary and Chief Operating Officer of the Management Company  
(with spouse and minor children)**

Issue of 417 units (2019: Nil)	21	-
Redemption of 19,239 units (2019: Nil)	966	-

**Chief Executive Officer of the Management Company**

Issue of 232 units (2019: 4,539) units	12	240
Redemption of 232 units (2019: Nil)	12	-

**Spouse of the Chief Executive Officer of the Management Company**

Issue of 25,652 units (2019: 495,787 units)	1,299	25,963
Redemption of 2,249,388 units (2019: 626,311 units)	113,086	32,748

**Muhammad Irfan\* - Connected person due  
to holding of more than 10% units**

Issue of units Nil (2019: 332,205 units)	-	17,000
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**Mustafa Shahid\*\* - Connected  
person due to holding of more than 10% units**

Issue of 3,128,636 units (2019: Nil)	160,630	-
Redemption of 2,358,536 units (2019: Nil)	120,768	-

**Pak Qatar Investment Account\*\* - Connected  
party due to holding of more than 10% units**

Issue of 1,928,132 units (2019: Nil)	100,000	-
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\* Prior period connected person, current figures not shown

\*\* current period connected person, previous figures not shown

Un-Audited December 31, 2020	(Audited) June 30, 2020
(Rupees in '000)	

**16.2 Balances outstanding at the period / year end**

**AKD Investment Management Limited - Management Company**

Remuneration payable	93	100
Sindh Sales Tax on Management remuneration	12	13
Payable against expenses allocated by the Management Company	35	25
Payable against formation cost	757	1,044
Sales load payable	40	-

**MCB Financial Services Limited - Trustee**

Remuneration payable	28	30
Sindh Sales Tax on trustee remuneration payable	4	4

**Receivable / Payable against conversion of units between Funds  
under management**

Receivable against Conversion of units - AKD Islamic Stock Fund	41,990	-
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	Un-Audited December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
Payable against Conversion of units - AKD Opportunity Fund	20,310	-
Payable against Conversion of units - AKD Islamic Stock Fund	3,205	-
Payable against Conversion of units - Golden Arrow Stock Fund	175	-
<b>Chief Financial Officer of the Management Company</b>		
Units held 854 units (June 2020: 841 units)	44	42
<b>Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)</b>		
Units held units Nil (June 30, 2020: 18,822 units)	-	945
<b>Spouse of the Chief Executive Officer of the Management Company</b>		
Units held units Nil (June 30, 2020: 2,223,736 units)	-	111,644
<b>Muhammad Farid Alam - Key Management Personnel of Associated Company</b>		
Units held 30,798 units (June 30, 2020: 30,798 units)	1,598	1,546
<b>Afsheen Aqeel Dhedhi - Close relative of the Sponsor of the Management Company</b>		
Units held 28 (June 30, 2020: 28) units	1	1
<b>Mustafa Shahid** - Connected person due to holding of more than 10% units</b>		
Units held 770,396 (June 30, 2020: Nil) units	39,968	-
<b>Pak Qatar Investment Account** - Connected party due to holding of more than 10% units</b>		
Units held 1,928,132 (June 2020: Nil) units	100,032	-
<b>Silk Bank Employee Provident Fund - Connected person due to holding of more than 10% units</b>		
Units held 1,003,629 (June 30, 2020: 1,003,629) units	52,069	50,388
* Prior period connected person, current period figures not shown		
** current period connected person, prior period figures not shown		

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' 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).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

ASSETS	(Unaudited)			Total
	As at December 31, 2020			
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
Investment in sukuk certificates	20,850	100,287	-	121,137

ASSETS	(Audited)			Total
	As at June 30, 2020			
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
Investment in sukuk certificates	22,911	25,000	-	47,911

During the period ended December 31, 2020, 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.

#### 18. IMPACT OF COVID-19

On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

#### 19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on 26 FEB 2021 by the Board of Directors of the Management Company.

YA

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director





**AKD Investment  
Management Ltd.**

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