

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 3rd 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 Stock 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 Paskistan 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 Stock Fund
PACRA: 1 Year Category:
MFR 4-Star

FUND MANAGER'S REPORT

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

Open – End Islamic Equity Scheme.

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

AKD Islamic Stock Fund (AKDISSF) is designed to earn competitive returns by investing in the stock market. The objective of AKD Islamic Stock Fund is to invest in the capital markets through an optimal combination of strategies in Shariah compliant equities providing growth and dividends.

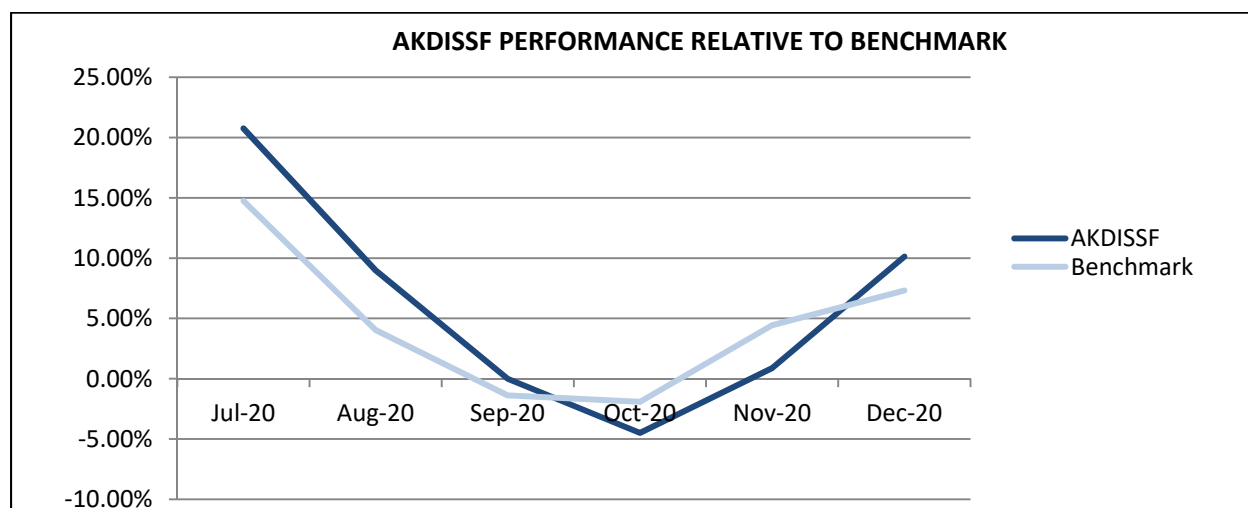
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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%.

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

KMI-30 Index

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



Monthly return	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
AKDISSF	20.76%	8.99%	-0.01%	-4.50%	0.88%	10.12%
Benchmark	14.75%	4.03%	-1.39%	-1.92%	4.44%	7.31%

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

AKD Islamic Stock Fund is an Open – End Islamic Equity Scheme; the return of the Fund is generated through investment in Islamic stocks which have strong growth potential. AKDISSF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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

Asset Allocation (% of Total Assets)	31-Dec-20	30-Sep-20
Equities	95.11%	96.58%
Cash	2.93%	1.62%
Other Assets including Receivables	1.96%	1.80%

- viii) **Non-Compliant Investment**

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
Hub power Company Limited	Equity	47,241	Nil	47,241	17.14%	14.67%

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

1HFY21 Return	39.62%
Benchmark Return	29.41%

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

Net Asset Value			NAV Per Unit	
31-Dec-20	30-Sep-20	Change in Net Assets	31-Dec-20	30-Sep-20
(Rupees In "000")			Rs.	Rs.
275,570	299,003	-7.84%	41.76	39.37

xi) 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

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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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EQUITY MARKET REVIEW

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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%.

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.

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

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

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

There were no unit splits during the period.

xiv) Break down of unit holding size:

Range (Units)	No. of Investors
0.1 - 9,999	249
10,000 - 49,999	48
50,000 - 99,999	12
100,000 - 499,999	12
500,000 and above	2
	323

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

Investments are subject to credit and market risk.

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

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



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AKD ISLAMIC STOCK FUND

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

AKD Islamic Stock 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 Stock Fund has, in all material respects, managed AKD Islamic Stock Fund during the period ended December 31st, 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 Stock 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 STOCK 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 STOCK 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) ——	
Assets			
Bank balances	5	9,440	664
Investments	6	306,234	125,261
Dividend and profit receivable on bank deposits		35	43
Deposits and prepayments	7	2,636	2,705
Receivable against conversion of units		3,205	-
Preliminary expenses and floatation cost	8	438	541
Total assets		321,988	129,214
Liabilities			
Payable to AKD Investment Management Limited - Management Company	9	1,316	995
Payable to MCB Financial Services Limited - Trustee	10	36	15
Payable to Securities and Exchange Commission of Pakistan	11	25	26
Payable against redemption		301	-
Payable against conversion of units		41,990	-
Accrued and other liabilities	12	2,750	1,166
Total liabilities		46,418	2,202
Net assets		275,570	127,012
Unit holders' fund (as per statement attached)		275,570	127,012
Contingencies and commitments	13	Number of units	
Number of units in issue		6,598,272	4,246,230
Net assets value per unit		41.7640	29.9117

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

YR

For AKD Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**AKD ISLAMIC STOCK FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
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)					
Income					
Capital gain on sale of investments 'at fair value through profit or loss'		24,112	4,222	16,822	5,566
Net unrealised appreciation / (diminution) on remeasurement of investments 'at fair value through profit or loss'	6.2	34,536	8,453	(227)	23,813
Dividend income		2,997	1,720	2,997	273
Profit on bank deposits		329	175	124	129
Total income		61,974	14,570	19,716	29,781
Expenses					
Remuneration of AKD Investment Management Limited - Management Company	9.1	2,484	1,321	1,439	704
Sindh Sales tax on remuneration of Management Company	9.2	323	172	187	92
Expenses allocated by the Management Company	9.3	435	66	252	35
Remuneration of MCB Financial Services Limited - Trustee	10.1	149	79	86	42
Sindh Sales tax on remuneration of Trustee	10.2	23	11	15	5
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	25	13	14	7
Securities transaction costs		697	132	340	93
Auditors' remuneration		101	90	51	46
Settlement and bank charges		31	9	11	3
Amortisation of preliminary expenses and floatation costs		103	103	52	52
Fee and subscription		281	265	104	128
Printing and stationary		75	75	37	37
Legal and professional charges		108	165	-	29
Charity		61	71	61	23
Sindh Workers' Welfare Fund		1,142	240	342	240
Total expenses		6,038	2,812	2,991	1,534
Net income for the period before taxation		55,936	11,758	16,725	28,247
Taxation	15	-	-	-	-
Net income for the period after taxation		55,936	11,758	16,725	28,247
Allocation of net income for the period					
Net income for the period after taxation		55,936	11,758	16,725	28,247
Income already paid on units redeemed		(9,048)	(106)	(9,048)	(106)
		46,888	11,652	7,677	28,141
Accounting income available for distribution:					
Relating to capital gain		58,648	12,675	16,822	29,379
Excluding capital loss		(11,760)	(1,023)	(9,145)	(1,238)
		46,888	11,652	7,677	28,141

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

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For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

**AKD ISLAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
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	55,936	11,758	16,725	28,247
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	55,936	11,758	16,725	28,247

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

PA

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



Chief Executive Officer



Chief Financial Officer




Director

**AKD ISLAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
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)					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period before taxation		55,936	11,758	16,725	28,247
Adjustments					
Dividend income		(2,997)	(1,720)	(2,997)	(273)
Amortisation of preliminary expenses and floatation costs		103	103	52	52
Net unrealised (appreciation) / diminution on remeasurement of investments 'at fair value through profit and loss'		(34,536)	(8,453)	227	(23,813)
Provision of Sindh Worker's Welfare Fund		1,142	240	342	240
		<u>19,648</u>	<u>1,928</u>	<u>14,349</u>	<u>4,453</u>
(Increase) / decrease in assets					
Profit receivable on bank deposits		(29)	6	41	1,029
Deposits and prepayments		69	72	2,522	47
Receivable against sale of investment		-	2,328	-	-
		<u>40</u>	<u>2,406</u>	<u>2,563</u>	<u>1,076</u>
(Decrease) / increase in liabilities					
Payable to AKD Investment Management Limited - Management Company		321	(108)	(331)	132
Payable to Securities and Exchange Commission of Pakistan		(1)	(166)	(20)	(164)
Payable to MCB Financial Services Limited - Trustee		21	2	36	175
Payable against purchase of investment		-	(4,643)	-	(100)
Accrued and other liabilities		442	242	(1,121)	84
		<u>783</u>	<u>(4,673)</u>	<u>(1,436)</u>	<u>127</u>
Dividend received		3,033	1,329	3,033	273
Investments - net		(146,437)	(5,624)	2,880	(7,983)
Net cash (used in) / generated from operating activities		<u>(122,933)</u>	<u>(4,634)</u>	<u>21,389</u>	<u>(2,054)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Amount received on issue of units		356,371	10,289	142,415	6,395
Payment against redemption of units		(224,662)	(5,418)	(159,549)	(8,724)
Net cash generated from / (used in) financing activities		<u>131,709</u>	<u>4,871</u>	<u>(17,134)</u>	<u>(2,329)</u>
Net increase / (decrease) in cash and cash equivalents		<u>8,776</u>	<u>237</u>	<u>4,255</u>	<u>(4,383)</u>
Cash and cash equivalents at beginning of the period		664	2,712	5,185	7,332
Cash and cash equivalents at end of the period	5	<u>9,440</u>	<u>2,949</u>	<u>9,440</u>	<u>2,949</u>

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

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

**AKD ISLAMIC STOCK FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020**

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Stock 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 the Non-Banking Finance Company 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) Equity 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.

The principle activities of the Fund is to invest in the Shariah Compliant (Islamic) equity securities.

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 Company Limited (PACRA) has maintained asset manager rating of 'AM3++' of the Management Company dated February 15, 2021. PACRA has also assigned 4 star performance ranking in 1 year to the Fund dated February 15, 2021.

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, 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, 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 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.

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

2.2 Basis of measurement

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

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT 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 30, 2020.

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.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
5. BANK BALANCES			
Savings accounts	5.1	<u>9,440</u>	<u>664</u>

5.1 Mark-up rates on these accounts range between 5% to 6.5% (June 30, 2020: 5% to 6%) per annum.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
6. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	6.1	<u>306,234</u>	<u>125,261</u>

Name of the Investee Company	Face value per share (Rupees)	Number of shares					Balance as at December 31, 2020				Percentage in relation to						
		As at July 1, 2020	Purchased during the period	Bonus / right issue received during the period	Sold/ Disposed during the year	As at December 31, 2020	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Market value as percentage of total paid up capital of the investee company					
(Rupees in '000)													(%)				
Oil & Gas Marketing Companies																	
Pakistan State Oil Company Limited (6.1.1)	10	-	125,000	-	-	35,710	89,290	17,890	19,224	1,334	6.28	6.98	0.02				
Paper and Board																	
Pakistan Paper Products Limited	10	666	-	-	-	666	50	65	15	0.02	0.02	0.01					
Power Generation & Distribution																	
K-Electric Limited	3.5	743,000	-	-	-	743,000	2,236	2,905	669	0.95	1.05	0.00					
Hub Power Company Limited (6.1.2)	10	19,500	600,000	-	24,000	595,500	48,841	47,241	(1,600)	15.43	17.14	0.05					
							51,077	50,146	(931)								
Refinery																	
Attock Refinery Limited	10	58,000	5,000	-	63,000	10,000	1,544	3,498	1,954	1.14	1.27	0.01					
National Refinery Limited	10	108,000	75,000	-	173,000	1,644	3,498	1,954									
Sugar and Allied Industries																	
The Premier Sugar Mills Limited	10	-	2,800	-	-	2,800	1,537	1,249	(288)	0.41	0.45	0.07					
Technology and Communication																	
Pakistan Telecommunication Company Limited	10	1,100,000	-	-	200,000	900,000	7,992	8,190	198	2.67	2.97	0.02					
Textile Composite																	
Interloop Limited	10	-	539,000	-	39,000	500,000	32,784	34,035	1,271	11.11	12.35	0.08					
Nishat Mills Limited	10	60,000	-	-	25,000	35,000	2,730	3,562	832	1.16	1.29	0.01					
							35,494	37,597	2,103								
Vanaspati & Allied Industries																	
Punjab Oil Mills Limited	10	6,200	-	-	-	6,200	986	1,181	195	0.39	0.43	0.12					
Total as at December 31, 2020																	
							271,698	306,234	34,536								
Total as at June 30, 2020							145,185	125,261	(19,904)								

6.1.1 Shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin are as follows:

Security Name	Number of Shares	
	Un-audited December 31, 2020	Audited June 30, 2020
International Industries Limited Thal Limited	50,000	25,000
Pakistan State Oil Company Limited	65,000	-

6.1.2 The exposure limit of investment in a single company as percentage of net assets exceeded by 2.14% against the prescribed limit of 15% of the total net assets as required under section 55(8) of NBFC Regulations.

6.1 Listed equity securities

Name of the Investee Company	Face value per share (Rupees)	Number of shares					Balance as at December 31, 2020			Percentage in relation to		
		As at July 1, 2020	Purchased during the period	Bonus / right issue received during the period	Sold/ Disposed during the year	As at December 31, 2020	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
Automobile Assembler												
Ghandhara Nissan Limited	10	37,999	-	-	37,000	999	63	124	61	0.04	0.04	0.00
Honda Atlas Cars (Pakistan) Limited	10	-	27,500	-	27,500	-	-	-	-	-	-	-
Millat Tractors Limited	10	-	2,050	-	-	2,050	1,868	2,243	377	0.73	0.81	0.00
							<u>1,329</u>	<u>2,367</u>	<u>438</u>			
Automobile Parts & Accessories												
Thal Limited	5	28,000	-	-	28,000	-	-	-	-	-	-	-
Cable & Electrical Goods												
Pak Electron Limited	10	-	125,000	-	-	125,000	4,990	5,016	26	1.64	1.82	0.03
Pakistan Cables Limited	10	82,475	-	-	-	82,475	8,818	11,082	2,268	3.62	4.02	0.23
							<u>13,808</u>	<u>16,098</u>	<u>2,292</u>			
Cement												
DG Khan Cement Company Limited	10	-	350,000	-	8,800	341,100	36,488	39,083	2,585	12.76	14.18	0.08
Javedan Corporation Limited	10	861,180	-	-	200,000	761,180	17,127	17,888	761	5.84	6.49	0.28
Maple Leaf Cement Factory Limited	10	-	84,415	-	-	84,415	3,123	3,800	677	1.24	1.38	0.01
							<u>66,748</u>	<u>60,771</u>	<u>4,023</u>			
Chemical												
Biafo Industries Limited	10	300	-	-	300	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	10	-	1,075,000	-	-	1,075,000	15,075	16,190	1,115	5.29	5.88	0.07
							<u>15,075</u>	<u>16,190</u>	<u>1,115</u>			
Commercial Banks												
BankIslami Pakistan Limited	10	1,815,300	-	-	885,500	1,119,800	8,486	13,449	4,983	4.39	4.88	0.11
Meezan Bank Limited	10	100,000	-	10,000	81,045	18,955	1,185	1,880	785	0.85	0.72	0.00
							<u>9,651</u>	<u>15,429</u>	<u>6,778</u>			
Engineering												
Crescent Steel and Allied Products Limited	10	20,000	-	-	-	20,000	910	1,882	772	0.55	0.61	0.03
International Industries Limited (8.1.1)	10	35,000	160,000	-	50,000	145,000	18,494	25,807	8,113	8.36	9.28	0.12
							<u>20,404</u>	<u>27,289</u>	<u>6,885</u>			
Food & Personal Care Products												
Al Shaheer Corporation Limited	10	1,980,833	1,227,000	-	1,057,500	2,150,333	29,952	33,416	3,464	10.91	12.13	1.51
Al Shaheer Corporation Limited - LOR	10	-	-	1,075,166	-	1,075,166	-	5,957	5,957	1.95	2.16	1.51
							<u>29,952</u>	<u>39,373</u>	<u>9,421</u>			
Oil & Gas Exploration Companies												
Pakistan Oilfields Limited	10	-	25,000	-	15,000	10,000	4,124	3,954	(170)	1.28	1.43	0.00
Pakistan Petroleum Limited	10	-	40,000	-	-	40,000	3,439	3,613	174	1.18	1.31	0.00
							<u>7,563</u>	<u>7,567</u>	<u>4</u>			

(Rupees in '000) (%)

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
6.2 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'			
Market value of investments	6.1	306,234	125,261
Carrying amount of investments	6.1	<u>(271,698)</u>	<u>(145,165)</u>
		<u>34,536</u>	<u>(19,904)</u>

7. DEPOSITS AND PREPAYMENTS

Security deposit with

- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100

Prepayments

- Annual listing fee of PSX		14	-
- Shariah advisory fee		<u>22</u>	<u>105</u>
		<u>2,636</u>	<u>2,705</u>

8. PRELIMINARY EXPENSES AND FLOATATION COST

Preliminary expenses and floatation cost		1,024	1,024
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Accumulated amortization

Opening balance		(483)	(278)
Amortized during the year		(103)	(205)
Closing balance	8.1	<u>(586)</u>	<u>(483)</u>
		<u>438</u>	<u>541</u>

- 8.1 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 Regulation, 2008.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	9.1	503	211
Sindh Sales tax on management fee	9.2	65	27
Expenses allocated by the Management Company	9.3	88	11
Formation cost		541	746
Others		<u>119</u>	<u>-</u>
		<u>1,316</u>	<u>995</u>

- 9.1 The Management Company charged remuneration at the rate of 2 % 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 is charged under the provisions of Sindh Sales Tax on Services Act, 2011.
- 9.3 The Management Company has charged expenses at the rate of 0.35% (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) ————			
10. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE			
Trustee fee	10.1	30	13
Sindh Sales Tax	10.2	6	2
		<u>36</u>	<u>15</u>

- 10.1 The Trustee is entitled to a monthly remuneration 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 fee is paid to the Trustee monthly in arrears.

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 is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
———— (Rupees in '000) ————			
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable to SECP	11.1	<u>25</u>	<u>26</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.

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	———— (Rupees in '000) ————	
12. ACCRUED AND OTHER LIABILITIES			
Brokerage payable		151	54
Auditors remuneration		101	140
Printing charges payable		201	150
Charity payable		208	610
Credit rating fee payable		67	172
Provision for Sindh Workers' Welfare Fund	12.1	1,142	-
Others		880	40
		2,750	1,166

12.1 Provision for Sindh Workers' Welfare Fund (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

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 Rs.0.17 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 from July 1, 2020 to December 31, 2020 is 2.45% (June 30, 2020: 3.86%) and this includes 0.65% (June 30, 2020: 0.42%) representing government levies on the Fund such as sales taxes, annual fees to SECP etc.

15. TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause IIA of Part IV to the Second Schedule of the Income Tax Ordinance, 2001. 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 current and deferred tax has been made in this condensed financial information.

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

Connected persons / related parties include AKD Investment Management Limited, being the Management MCB Financial Services Limited, being the Trustee, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, directors, officers and other connected persons of the Management Company, and their connected persons.

The transactions with connected persons / related parties 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 /

	(Un-audited) December 31,	
	2020	2019
	----- (Rupees in '000) -----	
Transactions during the period		
AKD Investment Management Limited - Management Company		
Remuneration to Management Company	2,484	1,321
Expenses allocated by the Management Company	435	66
Sindh Sales Tax on management remuneration	323	172
Sales Load	282	16
AKD Investment Management Limited - Staff Provident Fund		
Issue of Nil units (2019: 9,632)	-	375
MCB Financial Services Limited - Trustee		
Trustee remuneration	149	79
Sindh Sales Tax on trustee remuneration	19	11
AKD Securities Limited		
Brokerage Expense	100	-
Shares of Javedan Corporation Limited Sold by AKD Islamic Stock Fund to AKD Securities Limited	4,600	-
Golden Arrow Stock Fund		
Shares of ASC purchased by AKD Islamic Stock Fund from Golden Arrow £	9,605	-
Muhammad Yaqoob- Company Secretary and Chief Operating Officer		
Issue of 10,646 units (2019: Nil)	450	-
Hina Aqeel - Close family member of the chairman of the group		
Issue of 10,600 units (2019: Nil)	400	-
Anum Dhedhi - Chief Investment Officer & Director of the Management Company		
Issue of 10,657 units (2019: Nil)	400	-
Saim Mustafa Zuberi - Director of the Management Company		
Redemption of Nil units (2019: 10,078)	-	308
Pakistan Mobile Communications Limited Provident Fund* - Connected party due to more than 10% holding		
Issue of 721,813 units (2019: Nil)	30,000	-

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
Balances outstanding at the period / year end		
———— (Rupees in '000) ————		
AKD Investment Management Limited - Management Company		
Remuneration payable	503	211
Sales tax provincial on management remuneration	65	27
Expenses allocated by the management company	88	11
Payable against formation cost	541	746
Sales load payable	119	-
MCB Financial Services Limited - Trustee		
Remuneration payable	30	13
Sales tax on trustee remuneration payable	6	2
AKD Securities Limited - Brokerage		
Brokerage payable	22	11
Receivable / Payable against conversion of units		
Payable against conversion of units - AKD Islamic Income Fund	41,990	-
Receivable against conversion of units - AKD Islamic Income Fund	3,205	-
AKD Investment Management Limited - Staff Provident Fund		
Outstanding 38,082 units (June 30, 2020: 38,082 units)	1,590	1,139
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Outstanding 200,000 units (June 30, 2020: 200,000 units)	8,353	5,982
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 30,000 units (June 30, 2020: 30,000 units)	1,253	897
Hina Aqeel - Close family member of the chairman of the group		
Outstanding 53,233 units (June 30, 2020: 42,632 units)	2,223	1,275
Anum Dhedhi - Chief Investment Officer & Director of the Management Company		
Outstanding 100,314 units (June 30, 2020: 89,657 units)	4,189	2,682
Yasmeen Dhedhi - Close family member of the chairman of the group		
Outstanding 20,000 units (June 30, 2020: 20,000 units)	835	598
Toqir Hussain - Key Management Personnel of the Management Company		
Outstanding 600 units (June 30, 2020: 600 units)	25	18
Hamdard Laboratories (Waqf) Pakistan - Connected person due to more than 10% holding		
Outstanding 1,451,998 (June 30, 2020: 1,451,998) units	60,641	43,432
Pakistan Mobile Communications Limited Provident Fund* - Connected party due to more than 10% holding		
Outstanding 721,813 units (June 30, 2020: Nil units)	30,146	-

* Current period connected party, 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).

(Unaudited)				
'As at December 31, 2020				
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
ASSETS				
Investment in securities - at fair value through profit or loss				
Listed equity securities	306,234	-	-	306,234

(Audited)				
'As at June 30, 2020				
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
ASSETS				
Investment in securities - at fair value through profit or loss				
Listed equity securities	125,261	-	-	125,261

There were no transfers between various levels of fair value hierarchy during the period.

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.

YD

For AKD Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director



**AKD Investment
Management Ltd.**

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