

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

**Quarterly Report**  
**September 30, 2021**  
**(Un-Audited)**



# quarterly report



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



## **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

**CORPORATE  
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 Funds shall continuously strive to:*

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

## **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), Golden Arrow Stock Fund (GASF) and AKD Islamic Stock Fund (AKDISSF) presents its first quarter report along with the Funds' un-audited Financial Statements for the Quarter ended September 30, 2021.

### **FUNDS' FINANCIAL PERFORMANCE**

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

For the 1QFY22, the return of AKD Opportunity Fund stood at -7.86% compared to the benchmark KSE-100 Index return of -5.19%.

#### **Golden Arrow Stock Fund (GASF)**

For the 1QFY22, the return of Golden Arrow Stock Fund stood at -5.04% compared to the benchmark KSE-100 Index return of -5.19%.

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

For the 1QFY22, the return of AKD Index Tracker Fund stood at -4.50% compared to the benchmark KSE-100 Index return of -5.19%.

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

For the 1QFY22, the annualized return of AKD Cash Fund stood at 8.12% compared to the benchmark return of 6.77%.

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

For the 1QFY22, the annualized return of AKD Aggressive Income Fund stood at 11.23% compared to the benchmark return of 7.93%.

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

For the 1QFY22, the annualized return of AKD Islamic Income Fund stood at 8.53% compared to the benchmark return of 3.13%.

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

For the 1QFY22, the return of AKD Islamic Stock Fund stood at -7.18% compared to the benchmark KMI-30 Index return of -5.62%.



## **MACRO PERSPECTIVE**

Pakistan's economy continued to witness robust recovery where pace of the economy has exceeded the expectations of the State Bank of Pakistan (SBP). However, rising domestic demand coupled with surging international commodity prices have led to a Current Account Deficit (CAD) of 4.1% of GDP, imported inflation and depreciation of the local currency. The SBP while remaining cognizant of inflationary pressures of the CAD, opted to lean towards a growth accommodating monetary stance; hence, nominally increasing the discount rate by 25bps to 7.25% in its September 2021 monetary policy meeting. Receipts of ~\$2.77bn provided by the IMF under its program to facilitate developing countries during the pandemic helped forex reserves to reach \$25.98bn.

The external account for 1QFY22 reported a CAD of \$3.4bn (4.1% of GDP) as compared to surplus of \$0.87 bn (1.2% of GDP) reported during same period last year (SPLY) owing to an increase in the Balance of Trade, as the imports remained under pressure due to higher commodity prices – crude oil in particular, coupled with the import of vaccines and disbursements against TERF related capital expenditure (SBP disbursement reportedly \$1.63bn during FY22). However, Remittances posted phenomenal growth of 12.49%YoY to \$8.04bn during 1QFY22. The Government's efforts to attract Non-Resident Pakistani money paid off, attracting \$2.41bn through Roshan Digital Accounts (RDA) with more than 245,000 accounts.

According to press reports, the Federal Board of Revenue (FBR) has made net revenue collection of PKR 1,395bn during 1QFY22, up by 38.3%YoY as compared to ~PKR 1,004bn recorded during SPLY. FBR has exceeded its given target of PKR 1,211bn by a margin of PKR 186 billion. In addition, FBR has also witnessed an impressive 45% growth in the filing of tax returns and 64% growth in tax collection as of closing date for filing income tax returns, despite FBR's avoidance this year of extending filing dates as observed in the past.

As per Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) in 1QFY22 was recorded at 8.58%YoY as compared to 8.84%YoY. Core Inflation, calculated by excluding food and energy prices, clocked in at 6.53%YoY and 6.43% YoY for Urban and Rural areas respectively, as compared to 5.47%YoY and 7.73%YoY, SPLY.

The Large Scale Manufacturing (LSM) sector witnessed an increase of 7.26% for July-August FY22 as compared 3.66% reported during same period last year. During the period under review, major contribution towards the growth came from Automobiles, Food, Beverages & Tobacco, Iron & Steel Products, and Pharmaceuticals to name a few. However, overall growth during the period was kept in check by sectors that posted negative growth including Rubber Products and Fertilizers.

## **EQUITY MARKET REVIEW**

During 1QFY22, KSE-100 Index declined by 2,456pts, down by 5.19% to close at 44,899.60pts. The Equity market remained under pressure owing to 1) setbacks on the foreign policy front following US withdrawal from Afghanistan, 2) weakness in macro indicators on the back of the CAD and 3) tightening monetary stance by the Central Bank, were a few key factors that kept investors cautious.

Average daily turnover also decreased by 38.4%QoQ and 18%YoY to 412.3 million shares as compared to 669.42mn shares and 500.23mn shares recorded during 4QFY21 and 1QFY21 respectively. Moreover, investor interest diverted to second and third tier stocks as depicted by a decrease in ratio of KSE-100 volumes over total turnover and value traded. Overwhelming response was witnessed for fresh equity issues where two new companies got listed during 1QFY22 in which a liking towards the technology sector was also affirmed by record participation.

Some of the negative news flows that kept investor sentiments abay included: 1) SBP increased interest rates by 25 bps to 7.25% after 15 months to contain the soaring CAD and higher inflation expectations. 2) US senators move draft bill seeking imposition of sanctions on Pakistan. 3) CAD rose to USD 1.5 billion in August 2021 and Rupee hits all-time low of PKR 172 against the USD. 4) MSCI downgrades Pakistan to a "Frontier" market from Emerging effective December and 5) FATF plenary meeting scheduled in October 2021. On the other hand, some of the positive news reports failed to revive investor interest included: 1) FBR collection up by 45%YoY to PKR 434bn during August 2021 exceeding the target by PKR 85bn 2) IMF 6th review to start in mid of October for release of \$1bn tranche 3) Fitch predicts Pakistan's GDP to grow by 4.2% and 4) The receipt of \$~2.8bn from the IMF took forex reserves with the SBP to ~20 billion

Foreign investors continued to remain net sellers for the eighth consecutive quarters with net outflows of \$83.40mn taking cumulative outflows to \$778.95mn. Individuals, Other Organizations and Banks/DFI were the major net buyers with net buying of \$32.53mn, \$26.85mn and \$21.30mn respectively. Whereas Brokers and Mutual Funds were net sellers with net selling of \$14.95mn and \$7.42mn respectively.

The sectors that dragged the KSE-100 down included Cement, Tobacco, Oil & Gas Exploration, Refinery and Automobile Assembler with decrease in market capitalization by 17.5%, 19.1%, 8.6%, 33.5%, and 13.2% respectively. However, some of the losses were compensated by Technology & Communication, Miscellaneous, Commercial Banks, Modarabas and Real Estate Investment Trust with increase in market capitalization by 13.8%, 43.0%, 2.6%, 74.5% and 6.4% respectively.

In terms of valuation, the KSE-100 Index closed at a forward Price to Earnings multiple of 5.25x, which is a 63.18% discount as compared to MSCI Frontier Markets P/E of 14.27 and offering a healthy dividend yield of 6.91%.

## **MONEY MARKET REVIEW**

During 1QFY22, six (6) MTB auctions were carried out by the SBP, where the government managed to raise PKR 3.50trn cumulatively. Weighted average yield of 3, 6 and 12 months MTB were 7.27%, 7.53%, and 7.65% respectively, up by 0.36%, 0.58%, and 0.60% as compared to 6.91%, 6.95%, and 7.05% same period last year.

SBP also conducted three (3) auctions of Fixed Rate Pakistan Investment Bonds (PIBs) and was successful in raising PKR 409.26bn during 1QFY22. Weighted average yield for 3, 5 and 10 years PIBs increased by 0.97%, 0.83%, and 0.93% to 8.78%, 9.18%, and 9.84% as compared to 7.81%, 8.35%, and 8.91% for same period last year.

The Monetary Policy Committee announced two (2) Monetary Policy Statements during the year where the Committee increased the policy rate by 25 bps to 7.25% in September 2021. The SBP conducted 25 Open Market Operations (OMO) of different maturities and injected average amount of PKR1.19trn at an average cut off yield of 7.13% and mopped-up PKR0.20trn at a cut off yield of 7.22%.

As per the auction target calendar for October – December 2021, the SBP targets to raise PKR5.05trn by issuing MTB against maturing amount of PKR 5.10trn. In addition, SBP targets to raise another PKR 300 bn through 3 – 30 years Fixed Rate PIBs during the period against maturing amount of PKR 55bn.

## **FUTURE OUTLOOK**

Going forward, we remain optimistic about the economic outlook for FY22, where the SBP expects growth in upper end of 4 to 5 percent. Recent depreciation of local currency has helped to contain the external account as CAD for September has decreased by 24%MoM to \$1.11bn as compared to \$1.47bn. Reportedly, CAD is expected to go up to \$14bn (~4% of GDP). SBP's stance to raise interest rates in monetary policy of September will help contain inflationary pressures. As per the staff level agreement, reportedly Pakistan has agreed to further increase interest rates by 100 bps to 8.25%. The Real Effective Exchange Rate (REER) of 95.86 by end of September 2021 implies a very low likelihood of further Rupee depreciation.

We believe the reclassification of Pakistan to MSCI Frontier market will reduce foreign selling which has been recorded since FY16 as the local bourse would have a more significant weight of a much smaller fund allocated to frontier markets, unlike the case in the emerging markets.

On the Fixed Income front, expected increase in interest rates as agreed with International Monetary Fund in staff level agreement, will bode well for yields of fixed income instruments.

We expect the stock market to remain positive due to expansionary fiscal policy by the Government where the country has posted a provisional GDP growth of ~4.40% in FY21. We reiterate our positive market outlook for FY22 based on (i) expected growth in GDP owing to robust corporate earnings and agriculture growth (ii) compelling Price to Earnings multiple of 5.25x, (iii) Healthy dividend yield of 6.91% (iv) negative real interest rates, (v) reduction in capital gains tax rate from 15.00% to 12.50% for capital market transactions.

For and on behalf of the board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim Memon**  
Chairman

Karachi: October 29, 2021



# AKD Cash Fund



## MANAGEMENT COMPANY

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

## TRUSTEE

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

## BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank AL Habib Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
United Bank Limited

## AUDITORS

Yousuf Adil  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahr-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)

## DISTRIBUTOR

AKD Investment Management Limited  
Financial Investments Mart (Pvt) Ltd.  
Investomate (Private) Limited.  
ITMinds Limited.  
Investlink Advisor (Private) Limited.  
YPay Financial Services (Pvt.) Ltd.

## RATING

AKD CASH FUND  
PACRA: AA+(f) [Double A Plus (f)]

## FUND MANAGER'S REPORT

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

Open – end Money Market Scheme

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

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

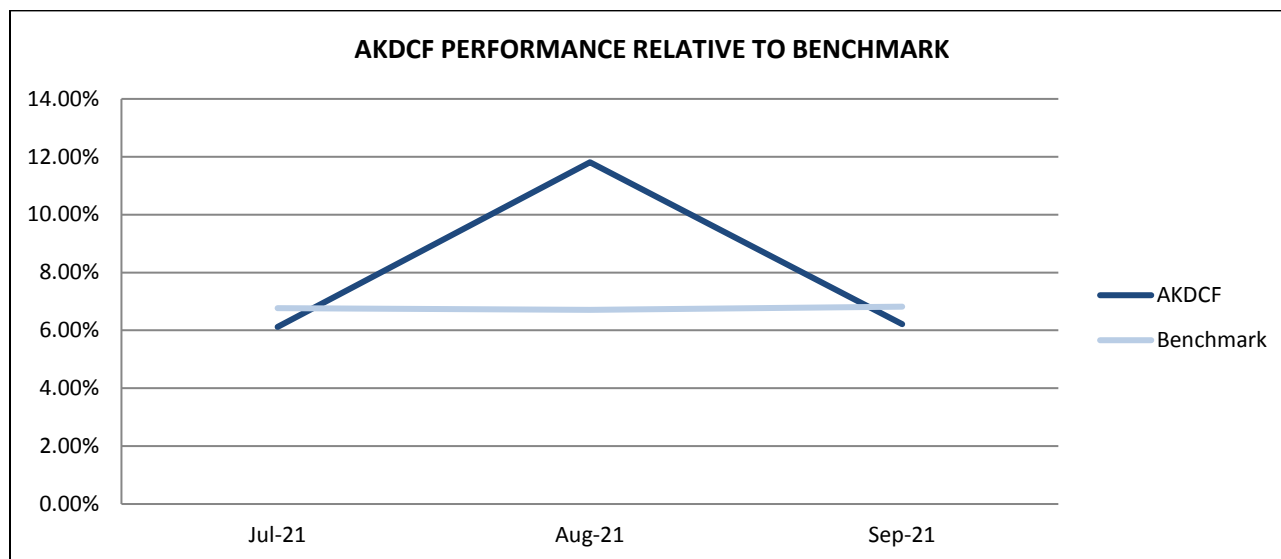
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the 1QFY22, the annualized return of AKD Cash Fund stood at 8.12% compared to benchmark return of 6.77%.

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

70% three (3) months PKRV rate + 30% three (3) months average deposit rate of three (3) AA rated scheduled 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-21	Aug-21	Sep-21
<b>AKDCF</b>	6.12%	11.81%	6.22%
<b>Benchmark</b>	6.77%	6.71%	6.82%

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

AKD Cash Fund is an Open – end Money Market Scheme. The returns of the fund are generated primarily through investment in high quality short term government securities. AKDCF 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:**

<b>Asset Allocation (% of Total Assets)</b>	<b>30-Sep-21</b>	<b>30-Jun-21</b>
Cash and Cash Equivalents	94.71%	99.82%
Commercial Papers	4.56%	-
Other Assets including Receivables	0.73%	0.18%

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

<b>1QFY22 Return (annualized)</b>	<b>8.12%</b>
<b>Benchmark Return (annualized)</b>	<b>6.77%</b>

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

<b>Net Assets Value</b>			<b>NAV Per Unit</b>	
<b>30-Sep-21</b>	<b>30-Jun-21</b>	<b>Change in Net Assets</b>	<b>30-Sep-21</b>	<b>30-Jun-21</b>
<b>(Rupees in 000)</b>			<b>(Rupees)</b>	
<b>631,174</b>	<b>418,559</b>	<b>50.80%</b>	<b>51.6653</b>	<b>50.6287</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**

Pakistan’s economy continued to witness robust recovery where pace of the economy has exceeded the expectations of the State Bank of Pakistan (SBP). However, rising domestic demand coupled with surging international commodity prices have led to a Current Account Deficit (CAD) of 4.1% of GDP, imported inflation and depreciation of the local currency. The SBP while remaining cognizant of inflationary pressures of the CAD, opted to lean towards a growth accommodating monetary stance; hence, nominally increasing the discount rate by 25bps to 7.25% in its September 2021 monetary policy meeting. Receipts of ~\$2.77bn provided by the IMF under its program to facilitate developing countries during the pandemic helped forex reserves to reach \$25.98bn.

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expenditure (SBP disbursement reportedly \$1.63bn during FY22). However, Remittances posted phenomenal growth of 12.49%YoY to \$8.04bn during 1QFY22. The Government's efforts to attract Non-Resident Pakistani money paid off, attracting \$2.41bn through Roshan Digital Accounts (RDA) with more than 245,000 accounts.

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**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	207
10,000 - 49,999	26
50,000 - 99,999	12
100,000 - 499,999	25
500,000 and above	36
<b>Total</b>	<b>306</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.



**AKD CASH FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2021**

	(Unaudited) September 30 2021	(Audited) June 30 2021
Note	---- (Rupees in '000) ----	
<b>ASSETS</b>		
Bank balances	5 368,676	2,499
Investments	6 260,229	421,992
Profit receivable on bank deposits and commercial papers	7 360	85
Deposits, Prepayments and other receivables	4,262	675
<b>Total assets</b>	633,527	425,251
<b>LIABILITIES</b>		
Payable to AKD Investment Management Limited - Management Company	8 1,010	889
Payable to Central Depository Company of Pakistan Limited - Trustee	9 43	28
Payable to Securities and Exchange Commission of Pakistan	10 30	88
Accrued expenses and other liabilities	11 1,270	5,687
<b>Total liabilities</b>	2,353	6,692
<b>NET ASSETS</b>	631,174	418,559
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	631,174	418,559
<b>CONTINGENCIES AND COMMITMENTS</b>		
	12	
	---- (Number of units) ----	
<b>NUMBER OF UNITS IN ISSUE</b>	12,216,591	8,267,235
	(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>	51.6653	50.6287

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

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**AKD CASH FUND  
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

Note	Quarter ended September 30 2021	Quarter ended September 30 2020
	(Rupees in '000)	
<b>INCOME</b>		
Capital gain / (loss) on sale of investments	(144)	(345)
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	10	(55)
Income / profit on:	10,239	7,390
- government securities	228	1,053
- Commercial papers	331	176
- bank deposits	3,036	-
Reversal of Provision against Sindh Workers' Welfare Fund	13,700	8,219
<b>Total income</b>		
<b>EXPENSES</b>		
Remuneration of the Management Company	603	444
Sindh sales tax on remuneration of the Management Company	78	58
Remuneration of the Trustee	98	72
Sindh sales tax on remuneration of the Trustee	13	9
Annual fee to the Securities and Exchange Commission of Pakistan	30	22
Allocated expenses to the management company	226	166
Brokerage and settlement charges (Securities & transaction cost)	8	2
Legal and professional charges	163	75
Bank charges	27	16
Fees and subscriptions	7	7
Auditors' remuneration	77	77
Provision against Sindh Workers' Welfare Fund	-	145
Printing and related costs	38	38
<b>Total expenses</b>	1,368	1,131
<b>Net income from operating activities</b>	12,332	7,088
<b>Net income for the period before taxation</b>	12,332	7,088
Taxation	13	-
<b>Net income for the period after taxation</b>	12,332	7,088
<b>Allocation of net income for the period</b>		
Net income for the period after taxation	12,332	7,088
Income already paid on units redeemed	(1,703)	(1,446)
<b>Accounting income available for distribution</b>	10,629	5,642
- Relating to capital gains	-	-
- Excluding capital gains	10,629	5,642

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

AKD CASH FUND  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	Quarter ended September 30 2021	Quarter ended September 30 2020
	(Rupees in '000)	
Net income for the period after taxation	12,332	7,088
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>12,332</u>	<u>7,088</u>

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**AKD CASH FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	2021			2020		
	(Rupees in '000)					
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
Net assets at beginning of the period	416,123	2,436	418,559	531,170	2,050	533,220
Issue of units 10,286,058 (2020: 2,298,002 units)						
- Capital value (at Ex NAV per unit at the beginning of the period)	520,769	-	520,769	116,240	-	116,240
- Element of income	4,021	-	4,021	1,203	-	1,203
Total proceeds on issuance of units	524,790	-	524,790	117,443	-	117,443
Redemption of 6,336,702 units (2020: 5,037,700 units)						
- Capital value (at Ex NAV per unit at the beginning of the period)	320,819	-	320,819	254,823	-	254,823
- Element of income	1,985	1,703	3,688	453	1,446	1,899
Total payments on redemption of units	322,804	1,703	324,507	255,276	1,446	256,722
Total comprehensive income for the period	-	12,332	12,332	-	7,088	17,446
Refund of Capital	-	-	-	-	-	-
Distribution during the period	-	-	-	-	-	-
Net income for the period less distribution	-	12,332	12,332	-	7,088	7,088
<b>Net assets at end of the period</b>	<b>618,109</b>	<b>13,065</b>	<b>631,174</b>	<b>393,337</b>	<b>7,692</b>	<b>401,029</b>
Undistributed income brought forward		2,389			1,602	
- Realised		47			448	
- Unrealised		2,436			2,050	
Accounting income available for distribution		-			-	
- Relating to capital gains		10,629			5,642	
- Excluding capital gains		10,629			5,642	
Distribution for the period		-			-	
Undistributed income carried forward		13,065			7,692	
Undistributed income carried forward		13,055			7,747	
- Realised income		10			(55)	
- Unrealised (loss) / income		13,065			7,692	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			50.6287			50.5830
Net assets value per unit at end of the period			51.6653			51.4023

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Director


  
Chief Financial Officer

**AKD CASH FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

Note	Quarter ended September 30 2021 (Rupees in '000)	Quarter ended September 30 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	12,332	7,088
<b>Adjustments for non-cash and other items</b>		
Unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss - net	(10)	55
Capital (gain) / loss on sale of investments - net	144	345
Provision against Sindh Workers' Welfare Fund	-	145
	12,466	7,633
<b>(Increase) / decrease in assets</b>		
Investments	279,125	185,744
Profit receivable on bank deposits and commercial papers	(275)	3,292
Deposits, Prepayments and other receivables	(3,587)	(13,927)
	275,263	175,109
<b>(Decrease) / increase in liabilities</b>		
Payable to AKD Investment Management Limited - Management Company	121	32
Payable to Central Depository Company of Pakistan Limited - Trustee	15	(8)
Payable to the Securities and Exchange Commission of Pakistan	(58)	(133)
Accrued expenses and other liabilities	(4,417)	6,913
	(4,339)	6,804
<b>Net cash generated from operating activities</b>	283,390	189,546
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	524,790	117,443
Amount paid against redemption of units	(324,507)	(256,722)
<b>Net cash used in / generated from financing activities</b>	200,283	(139,279)
<b>Net Increase / (decrease) in cash and cash equivalents during the period</b>	483,673	50,267
Cash and cash equivalents at beginning of the period	116,372	184,186
<b>Cash and cash equivalents at end of the period</b>	14 600,045	234,453

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**AKD CASH FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 AKD Cash Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorized constitution of the Trust Deed on August 15, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Initial Public Offering (IPO) of the Fund was made during the period from January 19, 2012 to January 20, 2012. The Fund commenced operations from January 21, 2012. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. January 19, 2012.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi in the province of Sindh.
- 1.3 The Fund is an open ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.4 The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments, money market placements, bank deposits, certificate of deposits, certificate of musharakas, commercial papers, reverse repos. Title of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund. The Fund is classified as a "Money Market Fund".
- 1.5 The Management Company has been assigned a quality rating of "AM3++" by Pakistan Credit Rating Agency Limited (PACRA) on February 8, 2021. The Fund has been given stability rating of 'AA+(f)' by PACRA on September 04, 2021.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

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

- 2.2 This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2021.
- 2.3 This condensed interim financial information is being submitted to the unitholders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

**3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES**

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2021.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2021.

**4 FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2021.



	(Un-audited) September 30 2021	(Audited) June 30 2021
	-----(Rupees in '000) ----	
5		
<b>BANK BALANCES</b>		
- In saving accounts	368,666	2,489
- In current accounts	10	10
	<u>368,676</u>	<u>2,499</u>

5.1 The rate of return on these accounts is from 5.50% to 7.80% (June 30, 2021 : 5.5%) per annum

**6 INVESTMENTS**

**Financial assets at fair value through profit or loss**

- Government securities - Market Treasury Bills

**At amortised cost**

- Commercial paper

6.1.1	231,369	421,992
6.1.2	28,860	-
	<u>260,229</u>	<u>421,992</u>

**6.1 Financial assets 'at fair value through profit or loss' - net**

**6.1.1 Government securities - Market Treasury Bills**

Tenor	Face Value				Balance as at September 30, 2021			Market value as a percentage of net assets	Market value as a percentage of investments
	At July 1, 2021	Purchased during the period	Sold / matured during the period	As at September 30, 2021	Carrying Value	Market value	Unrealised (diminution) / appreciation as at September 30, 2021		
6 months	313,000	180,000	493,000	235,000	231,359	231,369	10	36.66	88.91
3 months	115,000	502,000	382,000	235,000	231,359	231,369	10		
	428,000	682,000	875,000	235,000	231,359	231,369	10		
					<u>231,359</u>	<u>231,369</u>	<u>10</u>		
					<u>421,945</u>	<u>421,992</u>	<u>47</u>		

Total - September 30, 2021

Total - June 30, 2021

6.1.2 Commercial paper

Name of investee company	Rate of return per annum	Face value				Carrying value	Maturity	Rating	Face value as a percentage of	
		As at July 01, 2021	Purchased during the period	Matured / sold during the period	As at September 30, 2021				Investments	Net assets
K-Electric Limited	8.01	-	30,000	-	30,000	February 22, 2022	A-1+	11.09	4.57	

(Rupees in '000)

(Un-audited) September 30 2021  
(Audited) June 30 2021  
Note ----- (Rupees in '000) -----

7 PROFIT RECEIVABLE ON BANK DEPOSITS AND COMMERCIAL PAPERS

Profit receivable	132	85
- on bank balances	228	-
- on Commercial Paper	360	85

8 PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee	226	145
Sindh Sales Tax on Management fee	29	17
Expenses allocated by the Management Company	86	58
Federal exercise duty on Management fee	669	669
	1,010	889

- 8.1 The Management Company has charged remuneration at the following rates per annum of the average net assets of the Fund. The remuneration is paid to the management on a monthly basis in arrears.

Net Asset of the Fund Rs.	Remuneration Rate (Per annum)
Up to 1 Billion	0.40%
1 Billion - 1.5 Billion	0.50%

- 8.2 Sindh sales tax at the rate of 13% (June 30, 2021: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.
- 8.3 The Management Company has charged expenses at the rate of 0.15% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to Fund, from July 01, 2021 to September 30, 2021.
- 8.4 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

On June 30, 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 0.669 million (June 30, 2021: Rs. 0.669 million) until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at September 30, 2021 would have been higher by Rs. 0.0548 per unit (June 30, 2021: Rs. 0.0809 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn.

Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

	Note	(Un-audited)	(Audited)
		September 30 2021	June 30 2021
---- (Rupees in '000) ----			
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	9.1	37	24
Sindh Sales Tax payable on trustee remuneration	9.2	5	3
CDS Charegs Payable		1	1
		<u>43</u>	<u>28</u>
<b>9.1</b>	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. However, tariff structure applicable to the Fund in respect of the trustee fee has been revised effective from July 01, 2019 where by the revised tariff is 0.065% (June 30, 2021: 0.065%) of net assets. The remuneration is paid to the Trustee on monthly basis in arrears.		
<b>9.2</b>	Sindh sales tax at the rate of 13% (2021: 13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.		
<b>10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>			
Annual fee payable to the SECP	10.1	30	88
<b>10.1</b>	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% (June 30, 2021: 0.02%) of the average annual net assets of the scheme.		

	Note	(Un-audited)	(Audited)
		September 30	June 30
		2021	2021
		---- (Rupees in '000) ----	
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors remuneration		273	229
Printing charges payable		161	150
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	-	3,036
Withholding tax payable		271	2,242
Brokerage payable		3	10
Credit rating fee payable		50	-
Payable on redemption of Units		476	-
Payable against conversion of units		17	-
Others		19	20
		<u>1,270</u>	<u>5,687</u>

11.1 During the year Sindh Revenue Board (SRB) through its letter dated August 12, 2021 to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the SWWF Act, 2014 and are therefore, subject to SWWF charge whereas the Mutual Funds managed by those AMCs do not qualify as "Financial Institutions" as per SWWF Act, 2014 and are therefore, not liable to pay SWWF contributions. The development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies. In consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2021 and June 30, 2021.

## 13 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 to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company has intends to distribute cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

	Note	(Un-audited) September 30 2021 ---- (Rupees in '000) ----	(Audited) June 30 2021
<b>14 CASH AND CASH EQUIVALENTS</b>			
Bank balances	5	368,676	2,499
Market Treasury Bills (with original maturity of three months or less)	6.1.1	231,369	113,873
		<u>600,045</u>	<u>116,372</u>

**15 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at September 30, 2021 is 0.91% (Sep 30, 2020 1.02%) (annualised) which includes 0.08 % (Sep 30, 2020 0.21%) (annualised) representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations.

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

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:

**16.1 Details of transactions with related parties / connected persons during the period**

	(Un-audited) Quarter ended September 30, 2021 ----- (Rupees in '000) -----	(Un-audited) Quarter ended September 30, 2020
<b>AKD Investment Management Limited - Management Company</b>		
Issue of units NIL (2020 : 21,879 Units)	-	1,120
Management remuneration	603	444
Sindh sales tax on management remuneration	78	58
Allocated expenses	226	166
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	98	72
Sindh sales tax on trustee remuneration	13	9
CDS Charges Payable	2	-
<b>Dinaz Cassim*</b>		
<b>Unit holders holding 10% or more of the units in issue</b>		
Redemption of Nil units (2020 : 681,137 Units)	-	35,000
* Prior period connected party, current figures not shown		
<b>Durrain Cassim</b>		
<b>Unit holders holding 10% or more of the units in issue</b>		
Issue of units 1,767,853 (2020 : Nil Units)	90,000	-
Redemption of Nil units (2020 : 883,096 Units)	-	45,000

(Un-audited)      (Audited)  
September 30,      June 30,  
2021                      2021  
(Rupees in '000)

16.2 Details of balances with related parties / connected persons as at period / year end

<b>AKD Investment Management Limited - Management Company</b>		
Management remuneration payable	226	145
Federal excise duty payable on management remuneration	669	669
Sindh Sales tax payable on management remuneration	29	17
Payable against allocated expenses	86	58
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	37	24
CDS charges payable	1	1
Sindh Sales Tax payable on trustee remuneration	5	3
Deposit with CDC	100	100
<b>Hasan Ahmed - Director of the Management Company**</b>		
Units held 147 (June 30, 2021: 147)	8	7
<b>Receivable / Payable against conversion of units - AKD Funds</b>		
Payable against conversion of units - AKD Opportunity Fund	-	-
Payable against conversion of units - AKD Islamic Stock Fund	10	-
Payable against conversion of units - AKD Islamic Income Fund	7	-
Receivable against conversion of units - AKD Opportunity Fund	1,914	-
Receivable against conversion of units - Golden Arrow Stock Fund	1,639	-
<b>Dinaz Cassim*</b>		
<b>Unit holders holding 10% or more of the units in issue</b>		
Units held Nil (June 30, 2021 : 1,006,280 Units)	-	50,947
* Prior period connected party, current figures not shown		
<b>Durrain Cassim</b>		
<b>Unit holders holding 10% or more of the units in issue</b>		
Units held 3,186,728 (June 30, 2021 :1,418,874 Units)	164,643	71,836
<b>Bank Alfalah limited Employees Provident Fund</b>		
<b>Unit holders holding 10% or more of the units in issue</b>		
Units held 2,709,247 (June 30, 2021: 2,709,247 Units)	139,974	137,166



**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 recognized 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).

The following table show the carrying amount and fair values of financial assets including the levels in the fair value hierarchy.

As at September 30, 2021 and June 30, 2021, the Fund held the following assets measured at fair values:

<b>September 30, 2021</b>				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>ASSETS</b>				
At fair value through profit and loss'				
Government securities - Market Treasury Bills	-	231,369	-	231,369
<b>June 30, 2021</b>				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>ASSETS</b>				
At fair value through profit and loss'				
Government securities - Market Treasury Bills	-	421,992	-	421,992

During the period ended September 30, 2021, 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 DATE OF AUTHORISATION FOR ISSUE**

29 OCT 2021


These condensed interim financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Management Company.

**19 GENERAL**

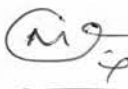
19 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

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

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



**AKD Investment  
Management Ltd.**

**Head Office:**

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000  
U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

**Gulshan-e-Iqbal Branch:**

Bungalow No. FL-3/12,  
Ground Floor Block No. 5, KDA,  
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Contact # 92-21-34823003-7

**Abbottabad Branch:**

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Near Complex Hospital,  
Main Mansehra Road, Abbottabad.  
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