

ANNUAL REPORT 2022



Funds Managed by:
AKD Investment Management Ltd

Partner with AKD
Profit from the Experience

CORPORATE INFORMATION

MANAGEMENT COMPANY

AKD Investment Management Limited
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(s)

Ms. Anum Dhedhi
Ms. Aysha Ahmed
Mr. Ali Wahab Siddiqi
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

Mr. Muhammad Munir Abdullah

HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali

AUDIT COMMITTEE

Mr. Ali Wahab Siddiqi (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 (Chairperson)
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

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

- » Keep primary focus on investing clients' interest
- » Achieve highest standards of regulatory compliance and good governance
- » Prioritize risk management while endeavouring 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 leading 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), Golden Arrow Stock Fund (GASF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its annual report along with the Funds' Audited Financial Statements for the year ended June 30, 2022.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the FY22, the return of AKD Opportunity Fund stood at -26.14% compared to the benchmark KSE-100 Index return of -12.28%.

Golden Arrow Stock Fund (GASF)

For the FY22, the return of Golden Arrow Stock Fund stood at -19.27% compared to the benchmark KSE-100 Index return of -12.28%.

AKD Index Tracker Fund (AKDITF)

For the FY22, the return of AKD Index Tracker Fund stood at -12.18% compared to the benchmark KSE-100 Index return of -12.28%.

AKD Cash Fund (AKDCF)

For the FY22, the return of AKD Cash Fund stood at 9.64% compared to the benchmark return of 9.29%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (including refund of element) of Rs. 4.75170 per unit to the unit holders during the year ended June 30, 2022.

AKD Aggressive Income Fund (AKDAIF)

For the FY22, the return of AKD Aggressive Income Fund stood at 7.23% compared to the benchmark return of 11.31%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (including refund of element) of Rs. 3.81178 per unit to the unit holders during the year ended June 30, 2022.

AKD Islamic Income Fund (AKDISIF)

For the FY22, the return of AKD Islamic Income Fund stood at 9.39% compared to the benchmark return of 3.34%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (including refund of element) of Rs. 4.57079 per unit to the unit holders during the year ended June 30, 2022.

AKD Islamic Stock Fund (AKDISSF)

For the FY22, the return of AKD Islamic Stock Fund stood at -18.72% compared to the benchmark KMI-30 Index return of -10.25%.

MACRO PERSPECTIVE

Pakistan's economy continued to witness robust growth as the pace of the economy exceeded expectations of the State Bank of Pakistan (SBP), albeit coming at the expense of an elevated Current Account Deficit (CAD) amid rising inflation fueled by a significant currency devaluation and an unprecedented increase in international commodity prices. During FY22, the SBP remained prudent given the inflationary pressures; hence, increasing the policy rate by 675 basis points to 13.75%.

The CAD for FY22 clocked in at USD 17.32 billion as compared to USD 2.82 billion reported during the same period last year (SPLY) owing mainly to an increase in commodity prices, import of plants and machineries under TERF/LTFF loan facilities provided by the SBP and import of COVID vaccines. The Balance of Trade in Goods and Services recorded a deficit of USD 44.71 billion, adding another USD 13.56 billion as imports increased by 34% YoY to USD 84.13 billion. However, exports also posted growth of 25% YoY to stand at USD 39.42 billion. Foreign workers continued to support the external account as workers' remittances surged by 6% YoY to USD 31.24 billion. The Government's continued efforts to attract investments from Non-Resident Pakistanis also paid off, with an impressive inflow of USD 4.61 billion through Roshan Digital Accounts (RDA) from more than 420,000 accounts till June 2022.

According to the press release, the Federal Board of Revenue (FBR) made a net revenue collection of PKR 6.13 trillion during FY22 exceeding the target of PKR 6.10 trillion and increasing 29% over revenues of PKR 4.74 trillion during the same period last year. We believe, record tax collection was on the back of strong economic growth and progressive tax policies of the previous government during the fiscal year. Notably however, tax collection growth came at a cost with major growth in revenue collection was naturally due to an unprecedented growth in imports (customs duty, sales tax, withholding tax) in FY22. Also, the gross collection, including refunds and rebate payments, increased by 29% from PKR 4.89 trillion during FY21 to PKR 6.31 trillion in FY22.

As per the Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) in FY22 was recorded at 12.15% YoY as compared to 8.90% YoY recorded during FY21 primarily due to the removal of fuel subsidies, steadfast food inflation, high transport and electricity costs. Average Core Inflation (measured by excluding food and energy prices) clocked in at 8.12% YoY and 8.98% YoY for Urban and Rural areas respectively, as compared to 5.98% YoY and 7.61% YoY during the SPLY.

The Large Scale Manufacturing (LSM) sector witnessed an increase of 11.7% YoY for FY22 as compared to 11.2% YoY reported during SPLY. During the period under review, major contribution towards the growth came from Textile, Food, Coke and Petroleum products, chemicals and Wearing Apparel.

Likewise, sectors that contributed negative growth included transport equipment, fabricated materials, and Rubber products.

EQUITY MARKET REVIEW

The tumultuous FY22 ended with the KSE-100 index recording a decline of 12.3% YoY to settle at 41,541 points as widespread political and economic uncertainty took a heavy toll on the market. The FY22 started with rising tensions, as the US announced an end of military aggression in Afghanistan, coupled with geopolitical turmoil triggered monetary tightening at home as the policy rate was jacked up by 650bps to 13.75% to address inflation. Investors' sentiment was further jolted following Russia's full-scale invasion into Ukraine which led to a further surge in international commodity prices. Positive investor sentiment on the back of hope of political stability following the former PM Khan's ouster was short-lived as economic realities kicked in with an unsustainable current account deficit and depleting foreign exchange reserves; sovereign default seemed imminent without IMF support. Without say, averting a sovereign default through an IMF program kept confidence in check as harsh economic decisions by the new ruling government were unavoidable. The average daily turnover decreased by 45% YoY to 291.47 million shares during FY22. Similarly, during 4QFY22, the average daily turnover clocked in at 249.45 million shares which declined/increased by 63% YoY / 8% QoQ.

Despite very cheap equity valuations, the market participants remained bearish as the economic outlook seemed bleak with cash constraints as immediate relief through an IMF program was arguably unlikely. Also, the new incumbent government was expected to take unprecedented and unpopular economic measures including removal of oil subsidies, curtailment of imports, and imposition of heavy taxation on corporate sectors to curb the twin deficits as a pre-requisite to discussions with the IMF.

Some of the news flow that weighed on investor sentiments included:

1. Soaring international energy prices following the Russia-Ukraine war.
2. CAD in May 2022 declined significantly by USD 1.43 billion taking the 11MFY22 CAD to USD 15.20 billion.
3. The State Bank of Pakistan (SBP) in its last monetary policy meeting raised the policy rate by 250 bps to 13.75% in order to reduce external account pressures and improve the deteriorating inflation outlook.
4. The provisional growth rate for the year 2021-22 was estimated at 5.97% according to Ministry of Finance which was relatively higher than the estimates of both the IMF and World Bank.
5. Pakistan forex reserves dwindled to USD 14.21 billion on the back of debt repayments, but then notably increased to USD 16.20 billion albeit delayed after receipt of PKR 2.3 billion from China.
6. Moody's rating agency downgraded Pakistan's outlook to negative from stable on the back of heightened external vulnerability risks and uncertainty about the Government's ability to secure additional external financing.

7. The Government decided to impose additional 10% super tax on high income earning sectors including Fertilizer, Steel, Sugar, Cement, Textiles, Banking, Oil and Gas etc. in order expand the tax ambit to reach the IMF agreed tax collection target of PKR 7.42 trillion.
8. FBR collected revenues worth PKR 6.13 trillion during FY22 exceeding the target of PKR 6.10 trillion and increasing 29% over revenues of PKR 4.74 trillion during same period last year.

Foreign investors continued to remain net sellers with net outflows of USD 297.51 million. Individuals, Banks / DFIs, and Corporates were major buyers with net inflows of USD 157.19 million, USD 115.18 million, and USD 111.01 million, respectively. Whereas, Mutual Funds, Brokers, and Insurance were net sellers with net outflows of USD 128.23 million, USD 20.17 million, and USD 1.15 million, respectively.

The sectors that dragged the KSE-100 down the most included Cement (-41%), Commercial Banks (-14%), Tobacco (-33%), Oil & Gas Exploration (-9%) and Engineering (-41%). However, some of the losses were compensated by Miscellaneous (28%), Fertilizer (4%), Chemicals (2%), Modarabas (59%), and Real Estate Investment Trust (23%).

In terms of valuation, the KSE-100 Index closed at a forward Price to Earnings multiple of 3.88x, which is a 61% discount as compared to MSCI Frontier Markets P/E of 9.97x and offering a healthy dividend yield of 9.83% still illustrating a compelling case to invest.

MONEY MARKET REVIEW

During FY22, twenty six (26) Market Treasury Bill (MTB) auctions were conducted by the State Bank of Pakistan, where the government managed to raise PKR 17.13 trillion. Weighted average yields of 3, 6 and 12 months MTBs were 10.16%, 10.54% and 10.53% respectively, up by 3.01%, 3.25% and 3.11% as compared to 7.15%, 7.29% and 7.42% same period last year.

To further address the need of liquidity, SBP also conducted twelve (12) auctions of fixed rate Pakistan Investment Bond (PIB) and was successful in raising PKR 1.84 trillion. The weighted average yield for 3, 5 and 10 year PIBs increased by 2.23%, 1.77% and 1.61% to 10.67%, 10.70% and 11.06% respectively, as compared to 8.44%, 8.93% and 9.45% same period last year.

The Monetary Policy Committee (MPC) cognizant of external account vulnerabilities and inflationary pressures remained prudent and announced eight (8) Monetary Policy Statements during FY22, increasing the policy rate by 675 basis points to 13.75% to address foreseeable risks. Furthermore, SBP also conducted 104 Open Market Operations (OMO) of different maturities and injected average amount of PKR 1.14 trillion at an average cut off yield of 9.42% and mopped-up average amount of PKR 0.10 trillion at an average cut off yield of 7.22%.

As per the auction target calendar for August – October 2022, the SBP targets to raise PKR 5.35 trillion by issuing 3 to 12 months tenor MTB against maturing amount of PKR 5.73 trillion. In addition, SBP also targets to raise PKR 525 billion through 3 to 30 years tenor fixed rate PIB during the period.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- (a) The financial statements, prepared by the Management of the Company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holders' funds.
- (b) Proper books of account of the Funds have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- (e) The system of internal control is sound in design and has effectively implemented and monitored.
- (f) There are no significant doubts upon the Funds' ability to continue as a going concern.
- (g) Statutory payments, taxes, duties, levies and charges, if any have been properly disclosed in the financial statements.
- (h) Summary of key financial data / performance tables is appended to the Financial Statements of the Funds.
- (i) The Pattern of unit holdings is appended to the Financial Statements of the Funds.
- (j) The statement showing the attendance of Directors in BOD meetings and Audit Committee meetings is as under:

S.No.	Name of Director	MEETINGS ATTENDANCE				Attended	Leave
		27-Apr-22	25-Feb-22	29-Oct-21	29-Sep-21		
1	Mr. Abdul Karim	✓	✓	✓	✓	4	0
2	Mr. Imran Motiwala	✓	✓	✓	✓	4	0
3	Ms. Anum Dhedhi	✓	✓	✓	✓	4	0
4	Mr. Saim Mustafa Zuberi	✓	✓	✓	✓	4	0
5	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
6	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
7	Ms. Aysha Ahmed	✓	✓	✓	✓	4	0

S.No.	Name of Director	MEETINGS ATTENDANCE				Attended	Leave
		26-Apr-22	25-Feb-22	29-Oct-21	28-Sep-21		
1	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
2	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
3	Mr. Saim Mustafa Zuberi	✗	✓	✗	✗	1	3

(k) There have been no trades in the units of the Funds carried out by the Directors, CEO, CFO, CIO, COO, Company Secretary and their spouses and minor children of the Management Company other than as disclosed below and in the note to the financial statements:

S.No.	Trades by	Designation	Investment (No of Units)	Redemption (No of Units)
AKD CASH FUND				
1	Imran Motiwala	CEO & Director	37,302	37,302
2	Hasan Ahmed	Director	41,620	41,767
3	Sehr Imran Motiwala	Spouse-CEO & Director	136,394	136,394
4	Muhammad Amin Yaqoob	Minor Children - COO & Company Secretary	18,062	18,062
5	Abdul Rehman Yaqoob	Minor Children - COO & Company Secretary	18,062	18,062
6	Ayesha Yaqoob	Minor Children - COO & Company Secretary	18,062	18,062
AKD ISLAMIC INCOME FUND				
1	Imran Motiwala	CEO & Director	338,360	338,360
2	Muhammad Munir	CFO	-	854
3	Anum Dhedhi	CIO & Director	82,504	-
4	Sehr Imran Motiwala	Spouse-CEO & Director	447,569	447,569
5	Ameer Arif Dagha	Spouse-CIO & Director	282,997	-
6	Muhammad Yaqoob	COO & Company Secretary	78,228	78,079
7	Ayesha Yaqoob	Minor Children - COO & Company Secretary	16,388	16,388
8	Muhammad Amin Yaqoob	Minor Children - COO & Company Secretary	16,388	16,388
9	Abdul Rehman Yaqoob	Minor Children - COO & Company Secretary	16,388	16,388
AKD ISLAMIC STOCK FUND				
1	Imran Motiwala	CEO & Director	189,461	187,224
2	Anum Dhedhi	CIO & Director	-	100,314
3	Sehr Imran Motiwala	Spouse-CEO & Director	204,865	356,205
4	Muhammad Yaqoob	COO & Company Secretary	-	10,646
AKD OPPORTUNITY FUND				
1	Imran Motiwala	CEO & Director	46,681	93,894
2	Hasan Ahmed	Director	-	21,385
3	Sehr Imran Motiwala	Spouse-CEO & Director	66,087	66,087
4	Ameer Arif Dagha	Spouse-CIO & Director	-	137,627
5	Muhammad Yaqoob	COO & Company Secretary	-	35,945
6	Ayesha Yaqoob	Minor Children - COO & Company Secretary	-	5,519
7	Muhammad Amin Yaqoob	Minor Children - COO & Company Secretary	-	5,519
8	Abdul Rehman Yaqoob	Minor Children - COO & Company Secretary	-	5,519
9	Maliha Yaqoob	Spouse-COO & Company Secretary	-	41,548
GOLDEN ARROW STOCK FUND				
1	Imran Motiwala	CEO & Director	151,145	419,771
2	Hasan Ahmed	Director	3,241	3,241
3	Ayesha Yaqoob	Minor Children - COO & Company Secretary	67,743	101,306
4	Muhammad Amin Yaqoob	Minor Children - COO & Company Secretary	67,743	101,306
5	Abdul Rehman Yaqoob	Minor Children - COO & Company Secretary	67,743	101,306

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

- i. The total number of directors are seven as follows:
 - a) Male: Five
 - b) Female: Two
- ii. The composition of the Board of Directors is as follows:
 - Independent Director: Three
 - Non-Executive Directors: Five
 - Executive Directors: Two
 - Female directors: Two

RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of AM3++ (A M three Plus Plus) to AKD Investment Management Limited (AKDIML) on June 30, 2022.

RATING OF THE FUNDS

AKD OPPORTUNITY FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 5-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year) and trailing 60 months (5 Year)] and 4-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2021 to AKD Opportunity Fund (AKDOF) on February 4, 2022.

AKD CASH FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “AA+(f)” (Double A Plus; fund stability rating) for the period ended December 31, 2021 to AKD Cash Fund (AKDCF) on March 8, 2022.

AKD AGGRESSIVE INCOME FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “A+(f)” (Single A Plus; fund stability rating) for the period ended December 31, 2021 to AKD Aggressive Income Fund (AKDAIF) on March 7, 2022.

GOLDEN ARROW STOCK FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 5-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year) and trailing 60 months (5 Year)] and short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2021 to Golden Arrow Stock Fund (GASF) on February 4, 2022.

AKD ISLAMIC INCOME FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “A+(f)” (Single A Plus; fund stability rating) for the period ended December 31, 2021 to AKD Islamic Income Fund (AKDISIF) on March 8, 2022.

AKD ISLAMIC STOCK FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 3-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year)] and 5-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2021 to AKD Islamic Stock Fund (AKDISSF) on February 4, 2022.

HOLDING COMPANY

AKD Group Holdings (Private) Limited [Formerly: Aqeel Karim Dhedhi Securities (Private) Limited] is the holding company of AKD Investment Management Limited and holds 99.97% of the outstanding ordinary shares of the Company.

APPOINTMENT OF AUDITORS

The Board re-appointed M/s Yousuf Adil, Chartered Accountants as the statutory auditors for AKD Opportunity Fund, AKD Index Tracker Fund, AKD Cash Fund and AKD Aggressive Income Fund and M/s Riaz Ahmad & Company, Chartered Accountants as the statutory auditor for Golden Arrow Stock Fund for the year 2022-2023 as recommended by the Audit Committee.

The present auditors M/s Yousuf Adil, Chartered Accountants are retiring and have completed their five years as auditors of AKD Islamic Income Fund and AKD Islamic Stock Fund. As per the requirements of the NBFC Regulations, 2008 the auditors have to be changed this year. The Board appointed M/s Riaz Ahmad & Company, Chartered Accountants as the statutory auditors for AKD Islamic Income Fund and AKD Islamic Stock Fund for the year 2022-2023 as recommended by the Audit Committee.

ACKNOWLEDGEMENTS

The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the State Bank of Pakistan and the Management of the Pakistan Stock Exchange for their continued support and cooperation. The Board also appreciates the devoted performance of the staff and officers of the AKD Investment Management Limited. The Board will also like to thank the investors for their confidence in the Company.

FUTURE OUTLOOK

With the IMF executive board approval of the disbursement of a USD 1.1 billion tranche has in retrospect been viewed positively to the stringent conditions linked with the program, has visibly begun

to bear fruit as the economy has been slowing down amid several measures taken by the government to ensure fiscal discipline and much needed stability. However, the catastrophic flooding in July and August 2022 would further slowdown the economy as the agriculture sector is expected to be hit severely with major crop losses (especially cotton) with immense damage to infrastructure and homes. As the government scrambles to address the devastation, the fiscal loss of the floods is estimated at USD 10 billion reportedly, approximately 3.0% of GDP. The uncertainty related to the estimated loss to the economy and the likelihood of a further downward revision of GDP growth for the current year, coupled with heightened commodity prices internationally; will keep investor sentiment in check.

That said, the resumption of the IMF loan program is likely to pave the way to additional external funding avenues from multilateral lenders and global funding providing much needed support to the external account and reducing exchange rate volatility. More importantly, in the wake of the current floods, further support from international donors and with domestic charity is indeed encouraging which can provide liquidity for rehabilitation efforts and hence economic activity. It is expected that during 4QCY22, Pakistan's external debt servicing liability (*interest component*) stands at USD 862 million and the payment of USD 1 billion for international Sukuk in December is expected to keep the PKR volatile. Moreover, the economic stabilization and eventual ease in international commodity prices amid global recessionary fears is expected to contain inflationary pressures in 2HFY23.

The KSE-100 index is currently trading at an attractive PER of 4.3x compared to the regional average of 12.8x while offering a dividend yield of 8.5% vs. 2.9% offered by the region.

We remain selective for stocks that are relatively immune to higher interest rates and PKR depreciation while the rehabilitation process will keep the cyclical sectors in limelight.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: September 28, 2022

FUND INFORMATION

AKD Islamic Stock Fund

Management Company

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

Trustee

Digital Custodian Company Limited (DCCL)
[Formerly: MCB Financial Services Limited (MCBFSL)]
4th Floor, Perdesi House, 2/1 R-Y Old Queens Road
Karachi-74200

Bankers

Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited

Auditors

M/s Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8,
KCHSU Shahrah-e-Faisal,
Karachi-75350

Legal Advisor

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, Karach - 74000
UAN: 111-253-465 (111-AKDIML)

Distributor

Al-Hilal Securities Advisors (Pvt.) Ltd.
Financial Investments Mart (Pvt) Ltd.
Investlink Advisor (Private) Limited.
Investomate (Private) Limited
YPay Financial Services (Pvt.) Ltd.

Rating-AKDISSF

By PACRA
Performance Ranking
LT Rating: 3-Star
ST Rating: 5-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.

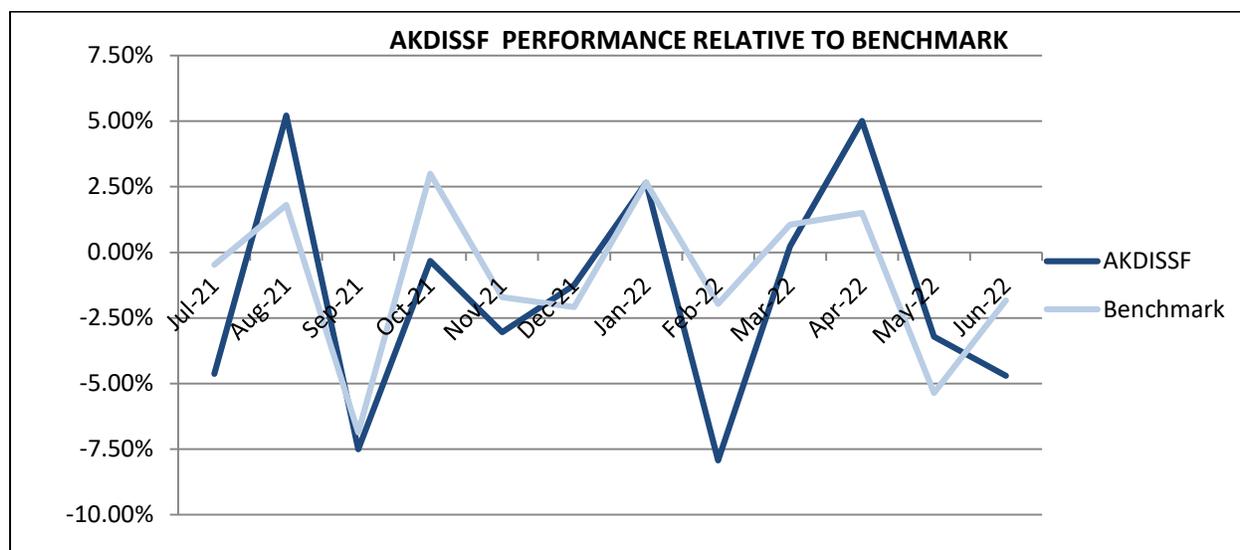
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the FY22, the return of AKD Islamic Stock Fund stood at -18.72% compared to the benchmark KMI-30 Index return of -10.25%.

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-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
AKDISSF	-4.63%	5.21%	-7.50%	-0.33%	-3.04%	-1.25%	2.66%	-7.93%	0.23%	5.01%	-3.21%	-4.71%
Benchmark	-0.47%	1.81%	-6.86%	3.00%	-1.71%	-2.08%	2.66%	-1.96%	1.06%	1.50%	-5.36%	-1.83%

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 returns of the Fund are 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)	30-Jun-22	30-Jun-21
Equities	98.02%	96.16%
Cash	0.39%	2.96%
Other Assets including Receivables	1.59%	0.88%

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

FY22 Return	-18.72%
Benchmark Return	-10.25%

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

Net Asset Value			NAV Per Unit	
30-Jun-22	30-Jun-21	Change in Net Assets	30-Jun-22	30-Jun-21
(Rupees In "000")			Rs.	Rs.
253,328	425,360	-40.44%	40.4732	49.7969

x) **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

Pakistan's economy continued to witness robust growth as the pace of the economy exceeded expectations of the State Bank of Pakistan (SBP), albeit coming at the expense of an elevated Current Account Deficit (CAD) amid rising inflation fueled by a significant currency devaluation and an unprecedented increase in international commodity prices. During FY22, the SBP remained prudent given the inflationary pressures; hence, increasing the policy rate by 675 basis points to 13.75%.

The CAD for FY22 clocked in at USD 17.32 billion as compared to USD 2.82 billion reported during the same period last year (SPLY) owing mainly to an increase in commodity prices, import of plants and machineries under TERF/LTFF loan facilities provided by the SBP and import of COVID vaccines. The Balance of Trade in Goods and Services recorded a deficit of USD 44.71 billion, adding another USD

13.56 billion as imports increased by 34% YoY to USD 84.13 billion. However, exports also posted growth of 25% YoY to stand at USD 39.42 billion. Foreign workers continued to support the external account as workers' remittances surged by 6% YoY to USD 31.24 billion. The Government's continued efforts to attract investments from Non-Resident Pakistanis also paid off, with an impressive inflow of USD 4.61 billion through Roshan Digital Accounts (RDA) from more than 420,000 accounts till June 2022.

According to the press release, the Federal Board of Revenue (FBR) made a net revenue collection of PKR 6.13 trillion during FY22 exceeding the target of PKR 6.10 trillion and increasing 29% over revenues of PKR 4.74 trillion during the same period last year. We believe, record tax collection was on the back of strong economic growth and progressive tax policies of the previous government during the fiscal year. Notably however, tax collection growth came at a cost with major growth in revenue collection was naturally due to an unprecedented growth in imports (customs duty, sales tax, withholding tax) in FY22. Also, the gross collection, including refunds and rebate payments, increased by 29% from PKR 4.89 trillion during FY21 to PKR 6.31 trillion in FY22.

As per the Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) in FY22 was recorded at 12.15% YoY as compared to 8.90% YoY recorded during FY21 primarily due to the removal of fuel subsidies, steadfast food inflation, high transport and electricity costs. Average Core Inflation (measured by excluding food and energy prices) clocked in at 8.12% YoY and 8.98% YoY for Urban and Rural areas respectively, as compared to 5.98% YoY and 7.61% YoY during the SPLY.

The Large Scale Manufacturing (LSM) sector witnessed an increase of 11.7% YoY for FY22 as compared to 11.2% YoY reported during SPLY. During the period under review, major contribution towards the growth came from Textile, Food, Coke and Petroleum products, chemicals and Wearing Apparel. Likewise, sectors that contributed negative growth included transport equipment, fabricated materials, and Rubber products.

EQUITY MARKET REVIEW

The tumultuous FY22 ended with the KSE-100 index recording a decline of 12.3% YoY to settle at 41,541 points as widespread political and economic uncertainty took a heavy toll on the market. The FY22 started with rising tensions, as the US announced an end of military aggression in Afghanistan, coupled with geopolitical turmoil triggered monetary tightening at home as the policy rate was jacked up by 650bps to 13.75% to address inflation. Investors' sentiment was further jolted following Russia's full-scale invasion into Ukraine which led to a further surge in international commodity prices. Positive investor sentiment on the back of hope of political stability following the former PM Khan's ouster was short-lived as economic realities kicked in with an unsustainable current account deficit and depleting foreign exchange reserves; sovereign default seemed imminent without IMF support. Without say, averting a sovereign default through an IMF program kept confidence in check as harsh economic decisions by the new ruling government were unavoidable. The average daily turnover decreased by 45% YoY to 291.47 million shares during FY22. Similarly, during 4QFY22, the average daily turnover clocked in at 249.45 million shares which declined/increased by 63% YoY / 8% QoQ.

Despite very cheap equity valuations, the market participants remained bearish as the economic outlook seemed bleak with cash constraints as immediate relief through an IMF program was arguably unlikely. Also, the new incumbent government was expected to take unprecedented and unpopular economic measures including removal of oil subsidies, curtailment of imports, and imposition of heavy taxation on corporate sectors to curb the twin deficits as a pre-requisite to discussions with the IMF.

Some of the news flow that weighed on investor sentiments included:

1. Soaring international energy prices following the Russia-Ukraine war.
2. CAD in May 2022 declined significantly by USD 1.43 billion taking the 11MFY22 CAD to USD 15.20 billion.
3. The State Bank of Pakistan (SBP) in its last monetary policy meeting raised the policy rate by 250 bps to 13.75% in order to reduce external account pressures and improve the deteriorating inflation outlook.
4. The provisional growth rate for the year 2021-22 was estimated at 5.97% according to Ministry of Finance which was relatively higher than the estimates of both the IMF and World Bank.
5. Pakistan forex reserves dwindled to USD 14.21 billion on the back of debt repayments, but then notably increased to USD 16.20 billion albeit delayed after receipt of PKR 2.3 billion from China.
6. Moody's rating agency downgraded Pakistan's outlook to negative from stable on the back of heightened external vulnerability risks and uncertainty about the Government's ability to secure additional external financing.
7. The Government decided to impose additional 10% super tax on high income earning sectors including Fertilizer, Steel, Sugar, Cement, Textiles, Banking, Oil and Gas etc. in order expand the tax ambit to reach the IMF agreed tax collection target of PKR 7.42 trillion.
8. FBR collected revenues worth PKR 6.13 trillion during FY22 exceeding the target of PKR 6.10 trillion and increasing 29% over revenues of PKR 4.74 trillion during same period last year.

Foreign investors continued to remain net sellers with net outflows of USD 297.51 million. Individuals, Banks / DFIs, and Corporates were major buyers with net inflows of USD 157.19 million, USD 115.18 million, and USD 111.01 million, respectively. Whereas, Mutual Funds, Brokers, and Insurance were net sellers with net outflows of USD 128.23 million, USD 20.17 million, and USD 1.15 million, respectively.

The sectors that dragged the KSE-100 down the most included Cement (-41%), Commercial Banks (-14%), Tobacco (-33%), Oil & Gas Exploration (-9%) and Engineering (-41%). However, some of the losses were compensated by Miscellaneous (28%), Fertilizer (4%), Chemicals (2%), Modarabas (59%), and Real Estate Investment Trust (23%).

In terms of valuation, the KSE-100 Index closed at a forward Price to Earnings multiple of 3.88x, which is a 61% discount as compared to MSCI Frontier Markets P/E of 9.97x and offering a healthy dividend yield of 9.83% still illustrating a compelling case to invest.

FUTURE OUTLOOK

With the IMF executive board approval of the disbursement of a USD 1.1 billion tranche has in retrospect been viewed positively to the stringent conditions linked with the program, has visibly begun to bear fruit as the economy has been slowing down amid several measures taken by the government to ensure fiscal discipline and much needed stability. However, the catastrophic flooding in July and August 22 would further slowdown the economy as the agriculture sector is expected to be hit severely with major crop losses (especially cotton) with immense damage to infrastructure and homes. As the government scrambles to address the devastation, the fiscal loss of the floods is estimated at USD 10 billion reportedly, approximately 3.0% of GDP. The uncertainty related to the estimated loss to the economy and the likelihood of a further downward revision of GDP growth for the current year, coupled with heightened commodity prices internationally; will keep investor sentiment in check.

That said, the resumption of the IMF loan program is likely to pave the way to additional external funding avenues from multilateral lenders and global funding providing much needed support to the external account and reducing exchange rate volatility. More importantly, in the wake of the current floods, further support from international donors and with domestic charity is indeed encouraging which can provide liquidity for rehabilitation efforts and hence economic activity. It is expected that during 4QCY22, Pakistan's external debt servicing liability (*interest component*) stands at USD 862 million and the payment of USD 1 billion for international Sukuk in December is expected to keep the PKR volatile. Moreover, the economic stabilization and eventual ease in international commodity prices amid global recessionary fears is expected to contain inflationary pressures in 2HFY23.

The KSE-100 index is currently trading at an attractive PER of 4.3x compared to the regional average of 12.8x while offering a dividend yield of 8.5% vs. 2.9% offered by the region.

We remain selective for stocks that are relatively immune to higher interest rates and PKR depreciation while the rehabilitation process will keep the cyclical sectors in limelight.

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

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

There were no unit splits during the period.

xiii) Break down of unit holding size:

Range (Units)	No. of Investors
0.0001 - 9,999	312
10,000 - 49,999	57
50,000 - 99,999	11
100,000 - 499,999	9
500,000 and above	3
Total	392

xiv) Disclosure of circumstances that materially affect any interests 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 Islamic Stock Fund

Details of Pattern of Holding (Units)

As at June 30, 2022

	No. of Unitholders	Units Held	% of Total
Associated Companies*	1	77,080	1.23%
Directors and CEO	1	2,237	0.04%
Individuals	376	3,565,299	56.96%
Insurance Companies	3	891,768	14.25%
Banks/DFIs	-	-	-
Retirement funds	8	1,442,445	23.05%
Public Limited Companies	1	69,549	1.11%
Others	2	210,772	3.36%
	392	6,259,150	100.00%

* AKD Investment Management Limited



#MonetizeYourAssets

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, 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 year ended June 30, 2022 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

Authorize Signatory

Karachi: September 27, 2022

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f t i l n y / digitalcustodian

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Old Queens Road
+92 21 3241 9770

ISLAMABAD

ISE Towers, LG
Jinnah Avenue
+92 51 2726 543



Al-Hilal
— Shariah Advisors —

September 15, 2022



الحمد لله رب العالمين، والصلاة والسلام على سيد الأئبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in AKD Islamic Stock Fund (AKD-ISF) managed by AKD Investment Management Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz
Member Shariah Council



Faraz Younus Bandukda, CFA
Chief Executive

AKD ISLAMIC STOCK FUND

Financial Statements
for the year ended June 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of AKD Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AKD Islamic Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the related income statement, the statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance, cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investment</p> <p>As disclosed in note 6 to the financial statements, investments carried at fair value through profit or loss amounted to Rs. 250.736 million as at June 30, 2022.</p> <p>These investments represent a significant item on the statement of assets and liabilities. The Fund invests principally in listed equity securities which is the main driver of the Fund's performance.</p>	<p>In response to this matter, our key audit procedures included the following:</p> <ul style="list-style-type: none">obtained understanding of relevant controls placed by the Management Company applicable to the balances;traced securities held by the Fund with the securities appearing in the Central Depository Company account statement to verify existence;independently tested valuations by tracing the prices quoted on Pakistan Stock Exchange;

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>Further, the Fund may have included investments in its financial statements which were not owned by the Fund.</p> <p>Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> performed verification procedures on purchases and sales on a sample of trades made during the year regarding movement of the securities; and any differences identified during our testing that were over our acceptable threshold were investigated further.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report in respect of the Fund but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

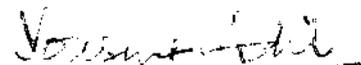
We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Shafqat Ali.


Chartered Accountants

Place: Karachi

Date: September 29, 2022

UDIN: AR202210186hqMNIUSuo

AKD ISLAMIC STOCK FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

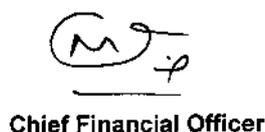
	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
ASSETS			
Bank balances	5	994	13,092
Investments	6	250,736	425,744
Dividend and profit receivable on bank deposits		65	767
Deposits and prepayments	7	2,817	2,817
Preliminary expenses and floatation cost	8	131	336
Receivable against sale of securities		1,058	-
Total Assets		255,801	442,756
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	890	1,542
Payable to Digital Custodian Company Limited - Trustee	10	27	45
Payable to Securities and Exchange Commission of Pakistan	11	65	58
Accrued expenses and other liabilities	12	1,438	4,891
Payable against purchase of securities		53	10,860
Total Liabilities		2,473	17,396
NET ASSETS		253,328	425,360
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		253,328	425,360
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	14	6,259,150	8,541,902
		-----Rupees-----	
NET ASSETS VALUE PER UNIT		40.4732	49.7969

The annexed notes from 1 to 29 form an integral part of these financial statements.

mp

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

**AKD ISLAMIC STOCK FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

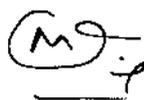
	Note	2022 ----- (Rupees in '000) -----	2021 -----
INCOME			
Capital gain on sale of investments classified as 'fair value through profit or loss'		8,024	65,199
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit or loss'	6.2	(86,677)	49,681
Dividend income		17,618	9,623
Profit on bank deposits		573	789
Other income	12.1	2,263	-
Total (loss) / income		(58,199)	125,292
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company	9.1	6,518	5,807
Sindh Sales tax on remuneration of Management Company	9.2	847	755
Remuneration of Digital Custodian Company Limited - Trustee	10.1	391	348
Sindh Sales tax on remuneration of Trustee	10.2	51	45
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	65	58
Expenses allocated by Management Company	9.3	1,467	1,016
Securities transaction cost		806	1,976
Auditor's remuneration	15	250	232
Settlement and bank charges		48	106
Amortisation of preliminary expenses and floatation costs		205	205
Fee and subscription		708	607
Printing and stationery		-	35
Legal and professional		554	384
Provision against Sindh Workers' Welfare Fund		-	2,263
Charity		792	577
Total expenses		12,702	14,414
Net (loss) / income for the year before taxation		(70,901)	110,878
Taxation	16	-	-
Net (loss) / income for the year after taxation		(70,901)	110,878
Allocation of net income for the year			
Net income for the year after taxation		-	110,878
Income already paid on units redeemed		-	(63,419)
		-	47,459
Accounting income available for distribution			
Relating to capital gains		-	47,459
Excluding capital gains		-	-
		-	47,459
Earnings per unit	17		

The annexed notes from 1 to 29 form an integral part of these financial statements.

MP


Chief Executive Officer

For AKD Investment Management Limited
(Management Company)


Chief Financial Officer


Director

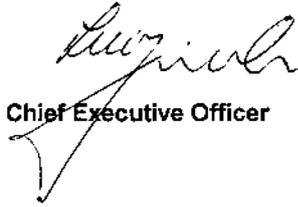
AKD ISLAMIC STOCK FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
Net (loss) / income for the year after taxation	(70,901)	110,878
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>(70,901)</u>	<u>110,878</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

MA

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer

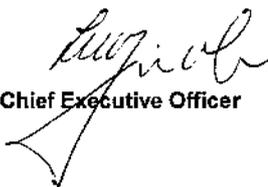

Director

**AKD ISLAMIC STOCK FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2022**

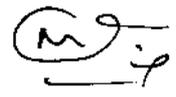
	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	462,079	(36,719)	425,360	211,190	(84,178)	127,012
Issue of 9,949,712 (2021: 23,025,574) units						
- Capital value	495,464	-	495,464	688,734	-	688,734
- Element of (loss) / income	(41,067)	-	(41,067)	315,154	-	315,154
Total proceeds on issuance of units	454,397	-	454,397	1,003,888	-	1,003,888
Redemption of 12,232,464 (2021: 18,729,902) units						
- Capital value	(609,138)	-	(609,138)	(560,243)	-	(560,243)
- Element of income / (loss)	53,610	-	53,610	(192,756)	(63,419)	(256,175)
Total payments on redemption of units	(555,528)	-	(555,528)	(752,999)	(63,419)	(816,418)
Total comprehensive income for the year	-	(70,901)	(70,901)	-	110,878	110,878
Net assets at end of the year	360,948	(107,620)	253,328	462,079	(36,719)	425,360
Accumulated loss brought forward						
- Realised loss		(86,400)			(64,274)	
- Unrealised income / (loss)		49,681			(19,904)	
		(36,719)			(84,178)	
Accounting income available for distribution						
Relating to capital gains		-			47,459	
Excluding capital gains		-			-	
Net loss for the year after taxation		(70,901)			47,459	
Accumulated loss carried forward		(107,620)			(36,719)	
Accumulated loss carried forward						
- Realised loss		(20,943)			(86,400)	
- Unrealised (loss) / income		(86,677)			49,681	
		(107,620)			(36,719)	
				Rupees		Rupees
Net assets value per unit at beginning of the year			49.7969			29.9117
Net assets value per unit at end of the year			40.4732			49.7969

The annexed notes from 1 to 29 form an integral part of these financial statements.

MA


Chief Executive Officer

For AKD Investment Management Limited
(Management Company)

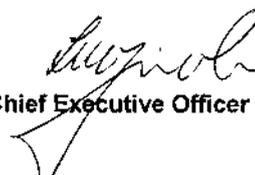

Chief Financial Officer


Director

AKD ISLAMIC STOCK FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

Note	2022 ----- (Rupees in '000) -----	2021 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year before taxation	(70,901)	110,878
Adjustments for non cash and other items:		
Amortisation of preliminary expenses and flotation costs	205	205
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'at fair value through profit or loss'	86,677	(49,681)
Dividend income	(17,618)	(9,623)
Profit on bank deposits	(573)	(789)
Other income	(2,263)	-
Provision against Sindh Workers' Welfare Fund	-	2,263
	<u>(4,473)</u>	<u>53,253</u>
(Increase) / decrease in assets		
Deposits and prepayments	-	(112)
Receivable against sale of securities	(1,058)	-
	<u>(1,058)</u>	<u>(112)</u>
(Decrease) / increase in liabilities		
Payable to AKD Investment Management Limited - Management Company	(652)	547
Payable to Digital Custodian Company Limited - Trustee	(18)	30
Payable to Securities and Exchange Commission of Pakistan	7	32
Accrued expenses and other liabilities	(1,190)	1,462
Payable against purchase of securities	(10,807)	10,860
	<u>(12,660)</u>	<u>12,931</u>
Investments - net	88,331	(250,802)
Dividend received	18,218	9,060
Profit on bank deposits received	675	628
	<u>107,224</u>	<u>(241,114)</u>
Net cash generated from / (used in) operating activities	89,033	(175,042)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	454,397	1,003,888
Payment against redemption of units	(555,528)	(816,418)
Net cash (used in) / generated from financing activities	(101,131)	187,470
Net (decrease) / increase in cash and cash equivalents	(12,098)	12,428
Cash and cash equivalents at beginning of the year	13,092	664
Cash and cash equivalents at end of the year	5 994	13,092

The annexed notes from 1 to 29 form an integral part of these financial statements.


Chief Executive Officer

For AKD Investment Management Limited
(Management Company)


Chief Financial Officer


Director

**AKD ISLAMIC STOCK FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Stock Fund (the Fund) was established under a Trust Deed, executed between AKD Investment Management Limited (AKDIML) as the Management Company and Digital Custodian Company Limited (DCCL) 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 NBFC 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 collective investment scheme 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 (Private) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

Title to the assets of the Fund are held in the name of Digital Custodian Company Limited as Trustee of the Fund.

The Pakistan Credit Rating Company Limited (PACRA) has assigned asset manager rating of 'AM3++' to the Management Company dated June 30, 2022. The Fund has been given performance ranking of '5-Star' by PACRA on February 04, 2022.

The Fund is registered on August 23, 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh Under Section 12 of the Sindh Trusts Act, 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

NA

2.1.2 The SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except the certain investments which are measured at fair value.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Fund's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except stated otherwise.

2.4 Significant accounting policies, accounting estimates, judgements and changes therein

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) Classification and valuation of financial assets (Note 4.1.1);
- (ii) Impairment of financial assets (Note 4.1.5); and
- (iii) Provisions (Note 4.4).

3. AMENDMENTS TO ACCOUNTING STANDARDS

3.1 Amendments to accounting standards that are effective for the year ended June 30, 2022

The following amendments are effective for the year ended June 30, 2022. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

3.2 Amendments to accounting standards that are not yet effective

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

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Effective from accounting period beginning on or after

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Financial instruments

4.1.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Amortised cost ("AC"),
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

MPX

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI), only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss.

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.1.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.1.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts already recognised in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

4.1.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

NA

Basis of valuation

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

4.1.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the circular) for impairment of debt securities. Under the circular, provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment loss recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

4.1.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.1.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.1.8 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.1.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

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4.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

4.4 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of Section 113 (Minimum Tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.6 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines (duly consented by the SECP) distribution for the year is deemed to comprise of the portion of income already paid on units redeemed during the year and cash distribution for the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute atleast 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

4.8 Element of income / loss included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

MA

4.9 Net assets value per unit

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

4.10 Revenue recognition

- Capital gain or loss on sale of investment is accounted for in the income statement on the date at which the sale transaction takes place.
- Unrealised gain / loss arising on remeasurement of investments classified as 'fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income from equity securities is recognised when the right to receive dividend is established.
- Profit on bank deposits is recognised on time proportionate basis using effective yield method.

4.11 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the income statement on an accrual basis.

	Note	2022 ----- (Rupees in '000) -----	2021
5. BANK BALANCES			
Saving accounts	5.1	<u>994</u>	<u>13,092</u>

5.1 Profit rates on these saving accounts ranges from 12.25% to 14.25% (2021: 5%) per annum.

	Note	2022 ----- (Rupees in '000) -----	2021
6. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	6.1	<u>250,736</u>	<u>425,744</u>

MA

6.1 Listed equity securities

Name of the investee company	Face value per share (Rupees)	As at July 1, 2021	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
							Carrying cost	Market value	Appreciation / (diminution)			
(Rupees in '000) %												
Fully paid ordinary shares												
Automobile Assembler												
Ghandhara Nissan Limited	10	999	-	-	-	999	109	59	(50)	0.02	0.02	0.00
Pak Suzuki Motor Company Limited	10	-	25,000	-	5,000	20,000	3,672	4,224	552	1.68	1.67	0.02
Millat Tractors Limited	10	11	-	7	-	18	12	16	4	0.01	0.01	0.00
							<u>3,793</u>	<u>4,299</u>	<u>506</u>			
Automobile Parts & Accessories												
Thal Limited	5	35,000	50,000	-	-	85,000	<u>33,697</u>	<u>22,918</u>	<u>(10,779)</u>	9.14	9.05	0.10
Cable & Electrical Goods												
Pakistan Cables Limited	10	40,000	-	-	10,000	30,000	<u>4,485</u>	<u>4,185</u>	<u>(300)</u>	1.67	1.65	0.08
Cement												
Thatta Cement Company Limited	10	-	1,330,000	-	1,330,000	-	-	-	-	-	-	-
Javedan Corporation Limited	10	761,190	-	152,238	913,428	-	-	-	-	-	-	-
Lucky Cement Limited	10	-	10,000	-	10,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	10	-	215,000	-	215,000	-	-	-	-	-	-	-
Chemical												
Loite Chemical Pakistan Limited	10	4,150,000	200,000	-	4,075,000	275,000	<u>4,301</u>	<u>6,495</u>	<u>2,194</u>	2.59	2.56	0.02
Commercial Banks												
BankIslami Pakistan Limited	10	1,000,300	2,121,500	-	-	3,121,800	<u>34,540</u>	<u>37,586</u>	<u>3,046</u>	14.99	14.84	0.28
Engineering												
Crescent Steel & Allied Products Limited	10	20,000	-	-	10,000	10,000	840	417	(423)	0.17	0.16	0.01
International Industries Limited	10	160,000	19,000	-	179,000	-	-	-	-	-	-	-
International Steels Limited	10	481,213	-	-	336,213	145,000	<u>13,544</u>	<u>8,607</u>	<u>(4,937)</u>	3.43	3.40	0.03
							<u>14,384</u>	<u>9,024</u>	<u>(5,360)</u>			
Fertilizer												
Fauji Fertilizers Bin Qasim Limited	10	-	100,000	-	-	100,000	2,398	2,024	(374)	0.81	0.80	0.01
Engro Corporation Limited	10	50,000	-	-	50,000	-	<u>2,398</u>	<u>2,024</u>	<u>(374)</u>	-	-	-
Food & Personal Care Products												
Al Shaheer Corporation Limited	10	2,700,499	450,000	-	350,000	2,800,499	<u>55,857</u>	<u>25,316</u>	<u>(30,541)</u>	10.10	9.99	0.93
Investment Bank / Investment COS/SEC												
Imperial Limited	10	-	200,000	-	200,000	-	-	-	-	-	-	-

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Name of the investee company	Face value per share (Rupees)	As at July 1, 2021	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
							Carrying cost	Market value	Appreciation / (diminution)			
							(Rupees in '000)			%		
Oil & Gas Exploration Companies												
Pakistan Petroleum Limited	10	40,000	-	-	20,000	20,000	1,736	1,350	(386)	0.54	0.53	0.00
Oil and Gas Development Company Limited	10	-	25,000	-	25,000	-	1,736	1,350	(386)	-	-	-
OIL & Gas Marketing Companies												
Pakistan State Oil Company Limited	10	-	55,000	-	10,000	45,000	7,711	7,733	22	3.08	3.05	0.01
Paper & Board												
Pakistan Paper Products Limited	10	666	-	-	-	666	60	46	(14)	0.02	0.02	0.01
Pharmaceuticals												
Abbot Laboratories Pakistan Limited	10	-	39,000	-	-	39,000	28,906	25,531	(3,375)	10.18	10.08	0.04
Power Generation & Distribution												
K-Electric Limited	3.5	743,000	-	-	243,000	500,000	2,090	1,520	(570)	0.61	0.60	0.00
The Hub Power Company Limited (6.1.1)	10	800,000	-	-	250,000	550,000	43,818	37,493	(6,325)	14.95	14.80	0.04
							45,908	39,013	(6,895)			
Refinery												
Attock Refinery Limited	10	-	134,000	-	25,000	109,000	17,965	19,160	1,195	7.64	7.56	0.10
Chenergyco Pk Limited	10	4,850,000	600,000	-	450,000	5,000,000	56,866	26,700	(30,166)	10.65	10.54	0.09
National Refinery Limited	10	-	25,000	-	-	25,000	6,060	6,314	254	2.52	2.49	0.03
							80,891	52,174	(28,717)			
Sugar & Allied Industries												
The Premier Sugar Mills Limited	10	2,800	-	-	2,800	-	-	-	-	-	-	-
Synthetics and Rayon												
Pakistan Synthetics Limited	10	-	1,000	-	-	1,000	53	53	-	0.02	0.02	0.00
Technology and Communication												
TRG Pakistan Limited	10	-	165,000	-	165,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	10	750,000	-	-	-	750,000	8,880	5,220	(3,660)	2.08	2.06	0.02
							8,880	5,220	(3,660)			
Textile Composite												
Nishat Chunian Limited	10	-	75,000	-	50,000	25,000	1,266	1,122	(144)	0.45	0.44	0.01
Nishat Mills Limited	10	110,000	-	-	35,000	75,000	6,997	5,543	(1,454)	2.21	2.19	0.02
							8,263	6,665	(1,598)			
Vanaspati & Allied Industries												
Punjab Oil Mills Limited	10	6,200	-	-	-	6,200	1,550	1,104	(446)	0.44	0.44	0.12
Total investment as at June 30, 2022							337,413	250,736	(86,677)			
Total investment as at June 30, 2021							376,063	425,744	49,681			

6.1.1 This includes 300,000 shares pledged with National Cleaning Company of Pakistan (NCCPL) as collateral against margin.

NA

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'			
Market value of investments	6.1	250,736	425,744
Carrying amount of investments	6.1	(337,413)	(376,063)
		<u>(86,677)</u>	<u>49,681</u>

7. DEPOSITS AND PREPAYMENTS

Security deposits with			
National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
Prepaid shariah advisor fee		217	217
		<u>2,817</u>	<u>2,817</u>

8. PRELIMINARY EXPENSES AND FLOATATION COST

Cost		1,024	1,024
Accumulated amortisation			
Opening balance	8.1	(688)	(483)
Amortised during the year		(205)	(205)
Closing balance		(893)	(688)
		<u>131</u>	<u>336</u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortized over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	9.1	406	668
Sindh sales tax on management fee	9.2	53	87
Expenses allocated by the Management Company	9.3	91	117
Formation cost		337	541
Sales load		3	129
		<u>890</u>	<u>1,542</u>

9.1 As per the offering document the Management Company has charged remuneration at the rate of 2% (2021: 2%) of daily average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

9.2 Sindh sales tax on services at the rate of 13% (2021: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

9.3 As per the offering document the Management Company has charged expenses at the rate of 0.45% (2021: 0.35%) per annum of the daily average annual net assets of the Fund.

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	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
10. PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE			
Trustee fee	10.1	24	40
Sindh sales tax on trustee fee	10.2	3	5
		<u>27</u>	<u>45</u>

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

The tariff structure applicable to the Fund is as follows:

Net assets upto Rs. 1 billion

0.12% per annum of the daily average net assets of the Fund

Net assets exceeding Rs. 1 billion upto Rs. 5 billion

Rs. 1.2 million plus 0.065% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion

Net assets exceeding Rs. 5 billion

Rs. 3.8 million plus 0.06% per annum of the daily average net assets of the Fund exceeding Rs. 5 billion

10.2 Sindh sales tax at the rate of 13% (2021: 13%) on gross value of trustee fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee to SECP	11.1	<u>65</u>	<u>58</u>

11.1 All Collective Investment Schemes are required to pay annual fee at an amount equal to 0.02% (2021: 0.02%) of the daily average annual net assets of the scheme. The fee is payable annually in arrears.

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Brokerage payable		101	507
Auditor's remuneration		185	173
Printing charges payable		150	150
Charity payable		792	725
Credit rating fee payable		132	132
Withholding tax payable		10	775
Provision for Sindh Workers' Welfare Fund (SWWF)	12.1	-	2,263
Others		68	166
		<u>1,438</u>	<u>4,891</u>

12.1 Provision for Sindh Workers' Welfare Fund (SWWF)

During the year, Sindh Revenue Board (SRB) through its letter dated August 12, 2021, has clarified the legal status of applicability of Sindh Workers' Welfare Fund (SWWF).

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As per the said letter, having reference no. SRB/TP/70/2013/8772, the Asset Management Companies (AMC) are covered under the term "financial institutions" as per the section 2(g)(v) of 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 / Industrial Establishments" as per the 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 AMCs, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds.

Consequently, the management has reversed all the provisions recognised in respect of SWWF amounting to Rs. 2.263 million.

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

	2022	2021
	----- Number of units -----	
14. NUMBER OF UNITS IN ISSUE		
Opening units in issue	8,541,902	4,246,230
Units issued during the year	9,949,712	23,025,574
Less: Units redeemed	(12,232,464)	(18,729,902)
Total units in issue at the end of the year	6,259,150	8,541,902

	2022	2021
	----- (Rupees in '000) -----	
15. AUDITOR'S REMUNERATION		
Annual audit fee	110	100
Half yearly fee	55	50
Other certification	20	20
Income certification	30	30
Out of pocket	16	15
	231	215
Sindh sales tax on services	19	17
	250	232

16. 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 atleast 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 dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute at least 90% of the net accounting income other than unrealised capital gain to the unit holders in cash. However, there is no income of the fund if reduced by capital gains, therefore there is no distribution for the year ended. Accordingly, no provision for current tax has been made in these financial statements. 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.

17. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

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18. **TOTAL EXPENSE RATIO**

The total expense ratio of the Fund is 3.90% (2021: 4.96%) and this includes 0.37% (2021: 1.20%) representing Government levy and SECP fee. This ratio is within the maximum limit of 4.5% (2021: 4.5%) prescribed under the NBFC Regulations for a collective investment scheme categorised as a " Shariah Compliant Equity Scheme".

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

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, the Trustee, AKD Securities Limited, directors, officers, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

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

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

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

	2022	2021
	----- (Rupees in '000) -----	
19.1 Details of transactions with related parties / connected persons during the year:		
AKD Investment Management Limited - Management Company		
Remuneration to Management Company	6,518	5,807
Sindh sales tax on Management Company	847	755
Expenses allocated by the Management Company	1,467	1,016
Sales load	184	571
Payment against formation cost	205	205
Issue of 77,080 (2021: Nil) units	3,800	-
Digital Custodian Company Limited - Trustee		
Trustee remuneration	391	348
Sindh sales tax on trustee remuneration	51	45
AKD Opportunity Fund (AKDOF) - Common Management Company		
Shares purchased from AKDOF	82,331	78,666
Golden Arrow Stock Fund (GASF) - Common Management Company		
Shares purchased from GASF	-	47,519
Shares sold to GASF	28,231	-
AKD Investment Management Limited - Staff Provident Fund		
Redemption of Nil (2021: 38,082) units	-	1,742
AKD Securities Limited - Brokerage		
Brokerage	18	390
Shares sold to AKD Securities Limited	-	4,600
Imran Motiwala - Chief Executive Officer of the Management Company		
Issue of 189,461 (2021: Nil) units	8,720	-
Redemption of 187,224 (2021: Nil) units	8,235	-
Spouse of the Chief Executive Officer of the Management Company		
Issue of 204,865 (2021: 173,755) units	9,237	8,000
Redemption of 356,205 (2021: Nil) units	16,366	-

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2022 2021
----- (Rupees in '000) -----

Muhammad Yaqoob - Chief Operating Officer and Company Secretary of the Management Company

Issue of Nil (2021: 10,646) units	-	450
Redemption of 10,646 (2021: Nil) units	528	-

Hina Aqeel - Close family member of the chairman of the Group

Issue of Nil (2021: 10,600) units	-	400
Redemption of 53,233 (2021: Nil) units	2,098	-

Anum Dhedhi - Chief Investment Officer and Director of the Management Company

Issue of Nil (2021: 10,657) units	-	400
Redemption of 100,314 (2021: Nil) units	4,068	-

Carrow Michael - Key Management Personnel of the Management Company

Issue of Nil (2021: 196) units	-	10
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Muhammad Farid Alam - Key Management Personnel of Associated Company

Issue of 30,000 (2021: Nil) units	1,223	-
Redemption of 30,000 (2021: Nil) units	1,223	-

Yasmeen Dhedhi - Close family member of the chairman of the group

Redemption of 20,000 (2021 : Nil) units	811	-
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M3 Technologies Pakistan Private Limited Employees Provident

Fund - Common Directorship		
Issue of 122,103 (2021: Nil) units	6,000	-

Connected person due to more than 10% holding

Mustafa Shahid*

Issue of Nil (2021: 8,525,388) units	-	362,816
Redemption of Nil (2021: 7,660,929) units	-	328,611

Nargis Shahid Soorty

Issue of Nil (2021 : 871,254) units	-	45,000
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19.2 Balances outstanding at the year end

AKD Investment Management Limited - Management Company

Remuneration payable	406	668
Sindh sales tax on Management Remuneration	53	87
Expenses allocated by the Management Company	91	117
Payable against formation cost	337	541
Sales load payable	3	129
Outstanding 77,080 (2021: Nil) units	3,120	-

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	2022	2021
	----- (Rupees in '000) -----	
Digital Custodian Company Limited - Trustee		
Remuneration payable	24	40
Sindh sales tax on trustee remuneration payable	3	5
AKD Securities Limited - Brokerage		
Brokerage payable	-	170
Imran Motiwala - CEO of the Management Company		
Outstanding 2,237 (2021: Nil) units	91	-
AKD Group Holdings (Private) Limited (Formerly: Aqeel Karim Dhedhi Securities (Private) Limited) - Staff Provident Fund		
Outstanding 200,000 (2021: 200,000) units	8,095	9,959
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 30,000 (2021: 30,000) units	1,214	1,494
Hina Aqeel - Close family member of the Chairman of the Group		
Outstanding Nil (2021: 53,233) units	-	2,651
Anum Dhedhi - Chief Investment Officer & Director of the Management Company		
Outstanding Nil (2021: 100,314) units	-	4,995
Yasmeen Dhedhi - Close family member of the Chairman of the Group		
Outstanding Nil (2021: 20,000) units	-	996
Muhammad Yaqoob - Chief Operating Officer and Company Secretary of the Management Company		
Outstanding Nil (2021: 10,646) units	-	530
Sehr Imran Motiwala - Spouse - CEO of the Management Company		
Outstanding 22,415 (2021: 173,755) units	907	8,652
Carrow Michael - Key Management Personnel of the Management Company		
Outstanding 196 (2021: 196) units	8	10
Toqir Hussain - Key Management Personnel of the Management Company		
Outstanding 600 (2021: 600) units	24	30
M3 Technologies Pakistan Private Limited Employees Provident Fund - Common Directorship		
Outstanding 122,103 units (2021: Nil)	4,942	-
Connected party - due to more than 10% holding		
TPL Insurance Limited**		
Outstanding 839,883 (2021: Nil) units	33,993	-
Mustafa Shahid*		
Outstanding Nil (2021: 864,459) units	-	43,047
Nargis Shahid Soorty		
Outstanding 871,254 (2021: 871,254) units	35,262	43,386

* Prior period connected party, current period figures not shown.

** Current period connected party, prior period figures not shown.

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20. FINANCIAL INSTRUMENTS BY CATEGORY

All the financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

	2022	2021
	----- (Rupees in '000) -----	
Financial assets		
At fair value through profit or loss		
Investments	250,736	425,744
At amortised cost		
Bank balances	994	13,092
Dividend and profit receivable on bank deposits	65	767
Deposits	2,600	2,600
Receivable against sale of securities	1,058	-
	<u>255,453</u>	<u>442,203</u>
Financial liabilities		
At amortised cost		
Payable to AKD Investment Management Limited - Management Company	890	1,542
Payable to Digital Custodian Company Limited - Trustee	27	45
Accrued expenses and other liabilities	636	1,128
Payable against purchase of securities	53	10,860
	<u>1,606</u>	<u>13,575</u>

21. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate and other price risk), credit risk and liquidity risk. Risks of the Fund are being managed by the Management Company in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of above mentioned risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's financial assets primarily comprise of balances with banks and investment in equity securities classified at 'fair value through profit or loss'. The Fund also has dividend, profit receivable on bank deposits, receivable against sale of securities and deposits. The Fund's principal financial liabilities include remuneration payable to the Management Company, the Trustee and accrued and other liabilities.

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, profit rate risk and other price risk.

21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

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21.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to fair value profit rate risk on its bank balances.

a) Sensitivity analysis for variable rate Instruments

At the reporting date, the Fund has balances in profit and loss sharing account on which profit rate ranges between 5% to 14% (2021: 5%) that could expose the Fund to cash flow profit rate risk. The net loss for the year would have increased / (decreased) by Rs. 0.010 million (2021: Rs. 0.131 million) had the profit rates on saving accounts with the banks increased / (decreased) by 100 basis points.

b) Sensitivity analysis for fixed rate Instruments

At the reporting date, the Fund does not hold any fixed rate instruments that could expose the Fund to fair value profit rate risk.

Exposure to profit rate risk and maturity

Profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at June 30, 2022						
Particulars	Effective profit rate	Exposed to profit rate risk			Not exposed to profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets at fair value through profit or loss						
Investments		-	-	-	250,736	250,736
Financial assets at amortised cost						
Bank balances	5 to 14	994	-	-	-	994
Dividend and profit receivable on bank deposits		-	-	-	65	65
Receivable against sale of securities		1,058	-	-	-	1,058
Deposits		-	-	-	2,600	2,600
		2,052	-	-	2,665	4,717
Sub total		2,052	-	-	253,401	255,453
Financial liabilities at amortised cost						
Payable to AKD Investment Management Limited - Management Company		-	-	-	890	890
Payable to Digital Custodian Company Limited - Trustee		-	-	-	27	27
Payable against purchase of securities		-	-	-	53	53
Accrued expenses and other liabilities		-	-	-	636	636
Sub total		-	-	-	1,606	1,606
On-balance sheet gap		2,052	-	-	251,795	253,847
Total profit rate sensitivity gap		2,052	-	-	251,795	
Cumulative profit rate sensitivity gap		2,052	-	-	251,795	

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As at June 30, 2021

Particulars	Effective profit rate	Exposed to profit rate risk			Not exposed to profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets at fair value through profit or loss						
Investments		-	-	-	425,744	425,744
Financial assets at amortised cost						
Bank balances	5 to 6	13,092	-	-	-	13,092
Dividend and profit receivable on bank deposits		-	-	-	767	767
Deposits		-	-	-	2,600	2,600
		13,092	-	-	3,367	16,459
Sub total		13,092	-	-	429,111	442,203
Financial liabilities at amortised cost						
Payable to AKD Investment Management Limited - Management Company		-	-	-	1,542	1,542
Payable to MCB Financial Services Limited - Trustee		-	-	-	45	45
Accrued expenses and other liabilities		-	-	-	10,860	10,860
Payable against purchase of securities		-	-	-	1,128	1,128
Sub total		-	-	-	13,575	13,575
On-balance sheet gap		13,092	-	-	415,536	428,628
Total profit rate sensitivity gap		13,092	-	-	415,536	
Cumulative profit rate sensitivity gap		13,092	-	-	415,536	

21.1.3 Price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk), whether caused by factor specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments are concentrated in the sectors given in note 6.1.

At June 30, 2022, the fair value of equity securities exposed to price risk is disclosed in note 6.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each reporting date, with all other variables held constant.

	June 30, 2022	June 30, 2021
	----- (Rupees) -----	
Effect due to increase / decrease in index		
Investment and net assets	<u>12,537</u>	<u>21,287</u>
Income statement	<u>12,537</u>	<u>21,287</u>

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21.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend receivable (if any) on equity securities.

Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC Rules and the Regulations and the guidelines given by the SECP from time to time.

The maximum exposure to credit risk before considering any collateral as at June 30, 2022 and June 30, 2021 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- (Rupees in '000) -----				
Balances with banks	994	994	13,092	13,092
Dividend and profit receivable on bank deposits	65	65	167	167
Receivable against sale of securities	1,058	1,058	-	-
Deposits	2,600	2,600	2,600	2,600
	<u>4,717</u>	<u>4,717</u>	<u>15,859</u>	<u>15,859</u>

The analysis below summarizes the credit rating quality of the Fund's financial assets with banks as at June 30, 2022.

Bank balances by rating category	Rating agency	2022		2021	
		Rupees in '000	%	Rupees in '000	%
A+ / A1	PACRA	981	98.69	13,078	100
Suspended	VIS	13	1.31	14	-
		<u>994</u>	<u>100%</u>	<u>13,092</u>	<u>100%</u>
Profit receivable on bank deposits					
A+ / A1	PACRA	<u>65</u>	<u>100%</u>	<u>167</u>	<u>100%</u>

Above ratings are on the basis of latest available ratings at June 30, 2022 assigned by PACRA and VIS Credit Rating Company Limited.

Balance with bank is assessed to have low credit risk of default since the banks are highly regulated by the State Bank of Pakistan. Accordingly, management of the Fund estimates that loss allowance on balance with banks at the end of the reporting period at an amount equal to 12 month Expected Credit Loss (ECL). None of the balance with banks at the end of the reporting period is past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Fund have assessed that there is no impairment, and hence have not recorded any loss allowance on this balance.

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Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in equity securities which are diversified and relate to various sectors. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2022				Total
	Within one month	Over one to three months	Over three to twelve months	Over one to five years	
	----- (Rupees in '000) -----				
Financial liabilities					
(excluding unit holders fund)					
Payable to AKD Investment Management Limited - Management Company	553	-	337	-	890
Payable to MCB Financial Services Limited - Trustee	27	-	-	-	27
Accrued expenses and other liabilities	636	-	-	-	636
Payable against purchase of securities	53	-	-	-	53
	<u>1,269</u>	<u>-</u>	<u>337</u>	<u>-</u>	<u>1,606</u>

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As at June 30, 2021

	Within one month	Over one to three months	Over three to twelve months	Over one to five years	Total
(Rupees in '000)					
Financial liabilities (excluding unit holders fund)					
Payable to AKD Investment Management Limited - Management Company	1,001	-	541	-	1,542
Payable to MCB Financial Services Limited - Trustee	45	-	-	-	45
Accrued expenses and other liabilities	1,128	-	-	-	1,128
Payable against purchase of securities	-	-	10,860	-	10,860
	<u>2,174</u>	<u>-</u>	<u>11,401</u>	<u>-</u>	<u>13,575</u>

22. UNIT HOLDERS' FUND (UHF) RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the unit holders' fund, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors of the Management Company is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

23. 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 IFRS. 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).

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	2022			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
ASSETS				
Listed equity securities	250,736	-	-	250,736

	2021			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
ASSETS				
Listed equity securities	425,744	-	-	425,744

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

24. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

**June 30, 2022
(Percentage)**

1	Next Capital Limited	20.41
2	Investment Managers Securities (Private) Limited	17.59
3	DJM Securities Limited	13.16
4	A.I. Securities (Private) Limited	7.06
5	Pearl Securities Limited	6.03
6	Habib Metropolitan Financial Services Limited	5.90
7	FDM Capital Securities (Private) Limited	5.60
8	Sherman Securities (Private) Limited	4.78
9	AKD Securities Limited	2.52
10	Alfalah Securities (Private) Limited	2.41

**June 30, 2021
(Percentage)**

1	AKD Securities Limited	22.33
2	Investment Managers Securities (Private) Limited	21.05
3	AKIK Capital (Private) Limited	8.95
4	DJM Securities Limited	7.91
5	FDM Capital Securities (Private) Limited	6.87
6	AI Securities (Private) Limited	6.26
7	Creative Capital Securities (Private) Limited	4.82
8	Habib Metropolitan Financial Services Limited	3.70
9	First Equity Modarba	3.68
10	Next Capital Limited	2.87

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25. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2022 are as follows:

S.No	Name	Designation	Qualification	Experience in years
1	Mr. Imran Motiwala	Chief Executive Officer	B.Sc. (Marketing)	29
2	Mr. Muhammad Yaqoob	Chief Operating Officer and Company Secretary	MBA (Finance), CFA Charter holder	18
3	Ms. Anum Dhedhi	Chief Investment Officer	B.Sc. (Financial Economics)	11
4	Mr. Sheikh Usman Haroon	Risk Manager	ACCA, CFA Level III Passed	8
5	Mr. Danish Aslam	Senior Fund Manager	BS (Accounting & Finance), CFA Level I Passed	4
6	Mr. Ali Abbas	Head of Research	MBA (Finance), CFA Charter holder	6

Ms. Anum Dhedhi is the Manager of the Fund. She is also managing AKD Opportunity Fund, AKD Index Tracker Fund and Golden Arrow Stock Fund.

26. PATTERN OF UNIT HOLDING

	As at June 30, 2022		
	Unit Holders	Number of units held	% of total units
Individuals	376	3,565,299	56.96
Directors	1	2,237	0.04
Associated Companies	1	77,080	1.23
Retirement Funds	8	1,442,445	23.05
Insurance companies	3	891,768	14.25
Others	3	280,321	4.48
	392	6,259,150	100

	As at June 30, 2021		
	Unit Holders	Number of units held	% of total units
Individuals	393	6,027,939	70.57
Directors	1	100,314	1.17
Retirement Funds	6	1,297,683	15.19
Insurance companies	2	840,828	9.84
Others	3	275,138	3.22
	405	8,541,902	100

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27. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year 89th, 90th, 91st and 92nd board meetings were held on September 29, 2021, October 29, 2021, February 25, 2022 and April 27, 2022 respectively. Information in respect of attendance by Directors in these meetings is given below:

S.No.	Name of Director	Number of Meetings Held	Attended	Leave granted	Meetings not attended
1	Mr. Abdul Karim	4	4	-	-
2	Mr. Imran Motiwala	4	4	-	-
3	Ms. Anum Dhedhi	4	4	-	-
4	Mr. Saim Mustafa Zuberi	4	4	-	-
5	Mr. Ali Wahab Siddiqui	4	4	-	-
6	Mr. Hasan Ahmed	4	4	-	-
7	Ms. Aysha Ahmed	4	4	-	-

28. GENERAL

28.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

28.2 Comparative figures have been reclassified where necessary for better presentation and comparison.

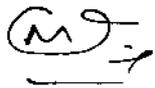
29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28 SEP 2022 by the Board of Directors of the Management Company.

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For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

**AKD ISLAMIC STOCK FUND
PERFORMANCE TABLE**

	2022	2021	2020
Total net assets value (Rs '000)	253,328	425,360	127,012
Net assets value per unit - (Rs)	40.4732	49.7969	29.9117
Selling price as at June 30 (Rs)	41.6874	51.2907	30.8089
Repurchase price as at June 30 (Rs)	40.4732	49.7969	29.9117
Highest selling price (Rs)	52.0252	53.1992	43.5405
Lowest selling price (Rs)	40.2154	31.3689	25.9605
Highest repurchase price (Rs)	50.5099	51.6497	42.2723
Lowest repurchase price (Rs)	39.0441	30.4552	25.2044
Return of the Fund			
- capital growth (Rs '000)	(172,032)	298,348	(8,590)
- income distribution (including refund of capital) (Rs '000)	-	-	-
Distribution per unit			
Interim	-	-	-
Final	-	-	-
Average Annual Return			
- Last one year	-18.72	66.48	-14.05
- Last two year	16.32	19.62	-20.22
- Last three year	5.16	1.95	-15.72

Note: The portfolio composition of the fund has been disclosed in note 6 to the financial statements.

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

AKD Islamic Stock Fund
Proxy details issued by Fund
For the year ended June 30, 2022

As per the requirement of Non-Banking Finance Companies and Notified Entities Regulations, 2008, The Board of Directors of AKD Investment Management Limited (the Management Company of the Fund) has formulated Proxy Voting Policy, which is available on Management Company's website (www.akdinvestment.com).

During the year, the Management Company on behalf of the Fund participated in 2 shareholders' meetings. Moreover, details of summarized proxies voted are as follows:

AKDISSF	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	7	7	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of the Fund will be provided to the unit holders without any charges upon request.



**AKD Investment
Management Ltd.**

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U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:

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Ground Floor Block No. 5, KDA,
Scheme No. 24, Gulshan-e-Iqbal, Karachi.
Contact # 92-21-34823003-7

Abbottabad Branch:

Office No. 1 & 2, 2nd Floor, Zaman Plaza,
Near Complex Hospital,
Main Mansehra Road, Abbottabad.
Contact # 099-2381431-2

Lahore Branch:

Plaza # 250, 2nd Floor, Phase IV,
Block-FF, D.H.A., Lahore Cantt.
Contact # 0333-0342762-4

E-mail : info@akdinvestment.com
Website : www.akdinvestment.com