

# 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 unpopulous 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					
		27-Apr-22	25-Feb-22	29-Oct-21	29-Sep-21	Attended	Leave
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					
		26-Apr-22	25-Feb-22	29-Oct-21	28-Sep-21	Attended	Leave
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)
<b>AKD CASH FUND</b>				
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
<b>AKD ISLAMIC INCOME FUND</b>				
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
<b>AKD ISLAMIC STOCK FUND</b>				
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
<b>AKD OPPORTUNITY FUND</b>				
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
<b>GOLDEN ARROW STOCK FUND</b>				
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 (AKDISF) 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 Income Fund**

#### **Management Company**

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

#### **Legal Advisor**

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

#### **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

#### **Registrar**

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

#### **Bankers**

Bankislami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited

#### **Distributor**

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

#### **Auditors**

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

#### **Rating-AKDISIF**

PACRA: A+(f)

## FUND MANAGER'S REPORT

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

Open – end Islamic Income Scheme

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

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

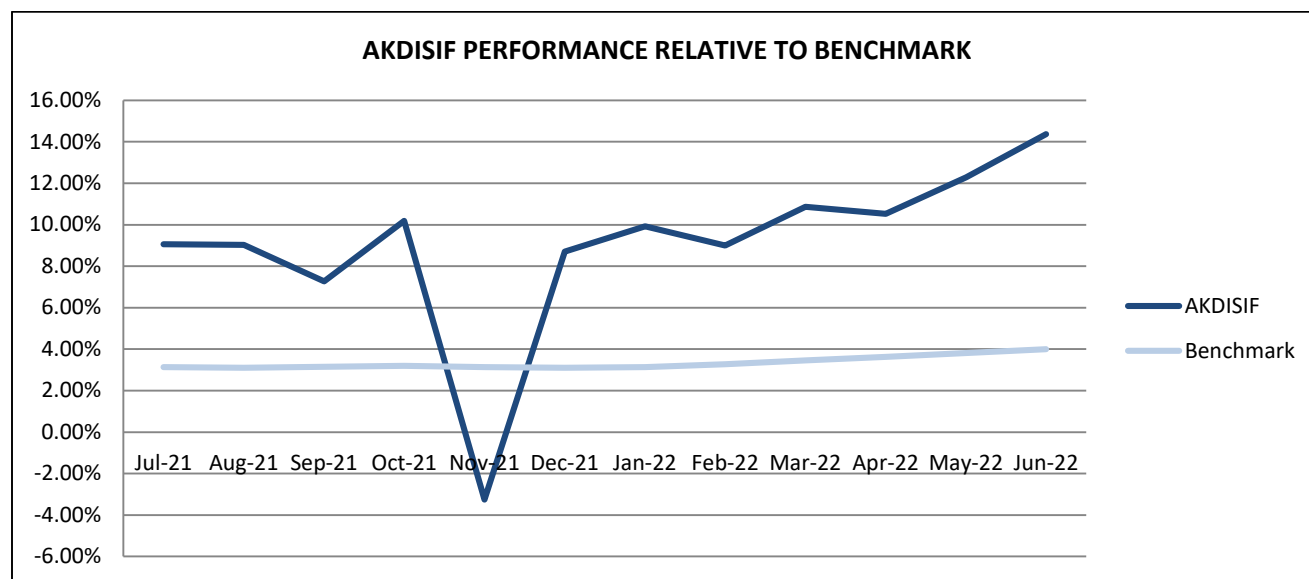
iii) **Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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

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

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

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



Monthly yield (annualized)	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
<b>AKDISIF</b>	9.06%	9.03%	7.27%	10.19%	-3.26%	8.70%	9.92%	9.00%	10.86%	10.52%	12.29%	14.37%
<b>Benchmark</b>	3.13%	3.10%	3.15%	3.19%	3.13%	3.10%	3.13%	3.28%	3.46%	3.63%	3.81%	4.00%

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

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

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

<b>Asset Allocation (% of Total Assets)</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
Cash and Cash Equivalents	37.50%	35.81%
Sukuk	36.09%	25.63%
Commercial Papers / STS	23.26%	-
Spread Transactions	-	34.07%
Other Assets including Receivables	3.15%	4.49%

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

<b>FY22 Return</b>	<b>9.39%</b>
<b>Benchmark Return</b>	<b>3.34%</b>

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

<b>Net Assets Value</b>		<b>NAV Per Unit</b>		
<b>30-Jun-22</b>	<b>30-Jun-21</b>	<b>Change in Net Assets</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
<b>(Rupees in 000)</b>			<b>(Rupees)</b>	
<b>892,873</b>	<b>723,889</b>	<b>23.34%</b>	<b>50.5961</b>	<b>50.4424</b>

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

**MACRO PERSPECTIVE**

Pakistan's economy continued to witness robust 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.

## **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 MTB 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 held 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.

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

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

<b>Range (Units)</b>	<b>No. of Investors</b>
0.0001 to 9,999	1,119
10000 to 49999	53
50,000 - 99,999	16
100,000 - 499,999	16
500,000 and above	7
	1,211

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

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

**AKD Islamic Income Fund**

Details of Pattern of Holding (Units)

As at June 30, 2022

	No. of Unitholders	Units Held	% of Total
Associated Companies*	1	242	0.00%
Directors and CEO	1	82,504	0.47%
Individuals	1,172	7,190,484	40.75%
Insurance Companies	2	759,718	4.31%
Banks/DFIs	-	-	-
Retirement funds	11	1,648,221	9.34%
Public Limited Companies	6	12,887	0.07%
Others	18	7,953,033	45.06%
	<b>1,211</b>	<b>17,647,089</b>	<b>100.00%</b>

\* AKD Investment Management Limited



## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### AKD ISLAMIC INCOME FUND

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

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

1. AKD Investment Management Limited, the Management Company of AKD Islamic Income Fund has, in all material respects, managed AKD Islamic Income Fund during the 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

Karachi: September 27, 2022



Authorize Signatory

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digitalcustodian.co  
f t i l y / digitalcustodian

#### LAHORE

LSE Plaza, 508  
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+92 42 3630 4406

#### KARACHI

Perdesi House  
Old Queens Road  
+92 21 3241 9770

#### ISLAMABAD

ISE Towers, LG  
Jinnah Avenue  
+92 51 2726 543

September 15, 2022



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء 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 Income Fund (AKD-IIF) managed by AKD Investments 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 INCOME  
FUND**

Financial Statements  
for the year ended June 30, 2022

## INDEPENDENT AUDITOR'S REPORT

To the unit holders of AKD Islamic Income Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **AKD Islamic Income 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 and transactions 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:

Key audit matter	How the matter was addressed in our audit
<p><b>Valuation and existence of investments at fair value</b></p> <p>As disclosed in note 6 to the financial statements, investments carried at fair value through profit or loss amounted to Rs. 324.288 million as at June 30, 2022.</p> <p>These investments represent a significant item on the statement of assets and liabilities. This is a main driver of the Fund's performance. The Fund invests principally in listed equity securities (spread transactions) and listed and unlisted sukuk certificates, and there is a risk that appropriate prices may not be used to determine fair value.</p>	<p>In response to this matter, our key audit procedures included the following:</p> <ul style="list-style-type: none"> <li>obtained understanding of relevant controls placed by Management Company applicable to the balances;</li> <li>Ensured that the investments are valued using the methodology specified in accounting policies;</li> <li>traced securities held by the Fund with the securities appearing in the Central Depository Company account statement to verify existence;</li> </ul>

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"> <li>performed verification procedures on purchases and sales on a sample of trades made during the year regarding movement of the securities; and</li> <li>any differences identified during our testing that were over our acceptable threshold were investigated further.</li> </ul>

## 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.

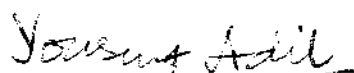
We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where 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: AR202210186Mg4Sebjl5

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

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>ASSETS</b>			
Bank balances	5	336,944	261,069
Investments	6	533,288	432,309
Profit receivable	7	18,815	7,537
Deposits, prepayments and other receivables	8	2,864	27,665
Preliminary expenses and floatation cost	9	183	470
Receivable against sale of investments		6,387	-
<b>Total Assets</b>		<b>898,481</b>	<b>729,050</b>
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company	10	980	1,121
Payable to Digital Custodian Company Limited - Trustee	11	98	81
Payable to Securities and Exchange Commission of Pakistan	12	159	84
Accrued expenses and other liabilities	13	4,371	3,875
<b>Total Liabilities</b>		<b>5,608</b>	<b>5,161</b>
<b>NET ASSETS</b>		<b>892,873</b>	<b>723,889</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>892,873</b>	<b>723,889</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	15	<b>17,647,089</b>	<b>14,350,814</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>50.5961</b>	<b>50.4424</b>

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

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Chief Executive Officer

For AKD Investment Management Limited  
(Management Company)

  
Chief Financial Officer

  
Director

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

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>INCOME</b>			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit or loss'	6.5	(2,772)	433
Unrealised gain on future contracts		-	2,877
Capital gain on sale of investments		6,830	5,511
Income from sukuk certificates		32,808	9,757
Income from security margin		203	36
Income from commercial paper		7,404	777
Profit on bank deposits and TDRs		32,248	16,361
Dividend income		1,683	-
Other income	13.1	1,491	-
<b>Total income</b>		<b>79,895</b>	<b>35,752</b>
<b>EXPENSES</b>			
Remuneration of AKD Investment Management Limited - Management Company	10.1	3,171	1,690
Sindh sales tax on the remuneration of Management Company	10.2	412	220
Remuneration of Digital Custodian Company Limited - Trustee	11.1	951	507
Sindh sales tax on the remuneration of Trustee	11.2	124	66
Annual fee to Securities and Exchange Commission of Pakistan	12.1	159	84
Expenses allocated by Management Company	10.3	1,189	634
Auditor's remuneration	16	250	232
Settlement and bank charges		188	117
Amortization of preliminary expenses and floatation costs	9	287	287
Brokerage		991	1,547
Fee and subscription		729	517
Printing and related cost		-	35
Legal and professional		565	491
Charity		162	-
Provision against Sindh Workers' Welfare Fund	13.1	-	587
<b>Total expenses</b>		<b>9,178</b>	<b>7,014</b>
<b>Net income for the year before taxation</b>		<b>70,717</b>	<b>28,738</b>
Taxation	17	-	-
<b>Net income for the year after taxation</b>		<b>70,717</b>	<b>28,738</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		70,717	28,738
Income already paid on units redeemed		(45,944)	(11,674)
		<b>24,773</b>	<b>17,064</b>
<b>Accounting income available for distribution</b>			
Relating to capital gains		4,058	8,821
Excluding capital gains		20,715	8,243
		<b>24,773</b>	<b>17,064</b>

Earnings per unit

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

*Mx*

For AKD Investment Management Limited  
(Management Company)

*[Signature]*  
Chief Executive Officer

*[Signature]*  
Chief Financial Officer

*[Signature]*  
Director



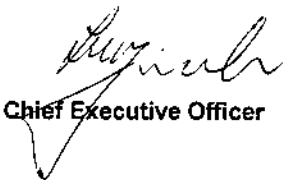
AKD ISLAMIC INCOME FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022

	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Net income for the year after taxation	70,717	28,738
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>70,717</u>	<u>28,738</u>

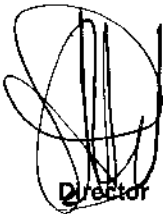
The annexed notes from 1 to 29 form an integral part of these financial statements.

mk

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer


  
Chief Financial Officer

  
Director

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

		2022	2021
	Note	(Rupees in '000)	(Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		70,717	28,738
<b>Adjustments for non cash and other items:</b>			
Amortisation of preliminary expenses and floatation costs	9	287	287
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'fair value through profit or loss'	6.5	2,772	(433)
Unrealised gain on future contracts		-	(2,877)
Income from sukuk certificates		(32,808)	(9,757)
Income from commercial paper		(7,404)	(777)
Profit on bank deposits and TDRs		(32,248)	(16,361)
Other income		(1,491)	-
		(175)	(1,180)
<b>(Increase) / decrease in assets</b>			
Deposits, prepayments and other receivables		24,801	(24,461)
Receivable against sale of investments		(6,387)	-
<b>Increase / (decrease) in liabilities</b>			
Payable to AKD Investment Management Limited - Management Company		(141)	(61)
Payable to Digital Custodian Company Limited - Trustee		17	47
Payable to Securities and Exchange Commission of Pakistan		75	32
Accrued expenses and other liabilities		1,987	979
		1,938	997
Investments - net		(103,751)	(367,190)
<b>Net cash used in operating activities</b>		<b>(83,574)</b>	<b>(391,834)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from issuance of units		2,205,572	2,043,718
Payment on redemption of units		(2,084,975)	(1,632,425)
Profit received on bank deposits, sukuk certificates, commercial paper and TDR's		61,182	23,112
Dividend paid		(22,330)	(13,737)
<b>Net cash generated from financing activities</b>		<b>159,449</b>	<b>420,668</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>75,875</b>	<b>28,834</b>
Cash and cash equivalents at beginning of the year		261,069	232,235
<b>Cash and cash equivalents at the end of the year</b>	5	<b>336,944</b>	<b>261,069</b>

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

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
<b>Net assets at beginning of the year</b>	719,616	4,273	723,889	296,649	946	297,595
Issue of 42,596,772 (2021: 39,723,587) units						
- Capital value	2,148,682	-	2,148,682	1,994,344	-	1,994,344
- Element of income	109,001	-	109,001	79,484	-	79,484
	2,257,683	-	2,257,683	2,073,828	-	2,073,828
Redemption of 39,300,497 (2021: 31,300,307) units						
- Capital value	(1,982,410)	-	(1,982,410)	(1,571,448)	-	(1,571,448)
- Element of loss	(56,621)	(45,944)	(102,565)	(49,303)	(11,674)	(60,977)
	(2,039,031)	(45,944)	(2,084,975)	(1,620,751)	(11,674)	(1,632,425)
Total comprehensive income for the year	-	70,717	70,717	-	28,738	28,738
Distribution during the year	-	(22,330)	(22,330)	-	(13,737)	(13,737)
Refund of capital	(52,111)	-	(52,111)	(30,110)	-	(30,110)
Net income for the year less distribution	(52,111)	48,387	(3,724)	(30,110)	15,001	(15,109)
<b>Net assets at end of the year</b>	<b>886,157</b>	<b>6,716</b>	<b>892,873</b>	<b>719,616</b>	<b>4,273</b>	<b>723,889</b>
<b>Undistributed income brought forward</b>						
- Realised income		963			588	
- Unrealised income		3,310			358	
		4,273			946	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		4,058			8,821	
- Excluding capital gains		20,715			8,243	
		24,773			17,064	
Distribution for the year Rs. 4.5708 per unit declared on June 24, 2022 (2021: Rs. 3.2348 declared on June 25, 2021)		(22,330)			(13,737)	
<b>Undistributed income carried forward</b>		<b>6,716</b>			<b>4,273</b>	
<b>Undistributed income carried forward</b>						
- Realised income		9,488			963	
- Unrealised (loss) / income		(2,772)			3,310	
		6,716			4,273	
			Rupees			Rupees
<b>Net assets value per unit at beginning of the year</b>			<b>50.4424</b>			<b>50.2056</b>
<b>Net assets value per unit at end of the year</b>			<b>50.5961</b>			<b>50.4424</b>

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

*mx*

*[Signature]*  
Chief Executive Officer

For AKD Investment Management Limited  
(Management Company)

*[Signature]*  
Chief Financial Officer

*[Signature]*  
Director

**AKD ISLAMIC INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

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

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the 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 ended Shariah Complaint (Islamic) Income Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (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 MCB Financial Services Limited as Trustee of the Fund.

The Management Company has been assigned a quality rating of "AM3++" by the Pakistan Credit Rating Agency Limited (PACRA) on June 30, 2022. The Fund has been given stability rating of 'A+(f)' by PACRA on March 08, 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**

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 VIIIA of the repealed Companies Ordinance 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

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 are 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. 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.

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 to accounting standards are effective for the year ended June 30, 2022. These standards, amendments and interpretations 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 to accounting standards are only effective for accounting period, beginning on or after the date mentioned against each of them. These amendments to accounting standards 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**

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



**Effective from accounting period  
beginning on or after**

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 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.

###### **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.

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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**

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to measure 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:

#### **Basis of valuation of debt securities**

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non performing debt securities.

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#### 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 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 losses 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, if any, 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 to the unit holders as cash dividend.

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 at least 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**

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.

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#### 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 Spread transactions (ready-future transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as financial assets at fair value through profit or loss and carried on the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the income statement.

#### 4.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included operating income in the income statement on the date at which the sale transaction takes place.
- Profit on bank deposits, security margin, commercial paper and sukuk are recognised on a time proportionate basis using the effective yield method.
- Unrealised gains / (losses) arising on remeasurement of investments and future spread transactions classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.

#### 4.12 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 ----- (Rupees in '000) -----
<b>5. BANK BALANCES</b>			
Saving accounts	5.1	<u>336,944</u>	<u>261,069</u>
5.1	Profit rates on these accounts range from 12.25% to 15% (2021: 5% to 6.6%) per annum.		
	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>6. INVESTMENTS</b>			
At fair value through profit or loss			
- Listed equity securities (spread transactions)	6.1	-	245,458
- Sukuk certificates	6.2	<u>324,288</u>	<u>186,851</u>
		<u>324,288</u>	<u>432,309</u>
At amortised cost			
- Commercial paper - Unlisted / short term sukuk (STS)	6.4	<u>209,000</u>	-
		<u>533,288</u>	<u>432,309</u>

6.1 Listed equity securities (spread transactions)

Sectors / Companies	As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022
	(Number of shares)				(Rupees in 000)	
<b>AUTOMOBILE ASSEMBLER</b>						
Ghandhara Industries Limited	40,000	154,000	194,000	-	-	-
Ghandhara Nissan Limited	16,500	54,000	70,500	-	-	-
<b>CABLE AND ELECTRICAL GOODS</b>						
Pak Elektron Limited	-	21,500	21,500	-	-	-
<b>CEMENT</b>						
D.G Khan Cement Company Limited	38,500	2,500	41,000	-	-	-
Fauji Cement Company Limited	37,000	-	37,000	-	-	-
Maple Leaf Cement Factory Limited	10,000	-	10,000	-	-	-
Lucky Cement Limited	-	8,500	8,500	-	-	-
<b>CHEMICALS</b>						
Engro Polymer & Chemicals Limited	19,000	-	19,000	-	-	-
Ghani Global Holding Limited	1,142,000	1,671,500	2,813,500	-	-	-
<b>ENGINEERING</b>						
Aisha Steel Mills Limited	9,500	79,000	88,500	-	-	-
<b>FERTILIZERS</b>						
Engro Fertilizers Limited	9,000	-	9,000	-	-	-
Fauji Fertilizer Bin Qasim Limited	39,500	-	39,500	-	-	-
<b>FOOD AND PERSONAL CARE PRODUCTS</b>						
Al Shaheer Corporation Limited	327,000	-	327,000	-	-	-
Treet corporation Limited	-	1,009,000	1,009,000	-	-	-
Unity Foods Limited	1,596,000	1,577,500	3,173,500	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>						
Oil & Gas Development Company Limited	71,000	386,000	457,000	-	-	-
Pakistan Petroleum Limited	59,000	-	59,000	-	-	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>						
Pakistan State Oil Company Limited	50,000	21,000	71,000	-	-	-
Sui Northern Gas Pipelines Limited	120,500	7,000	127,500	-	-	-
<b>PHARMACEUTICALS</b>						
The Searle Company Limited	-	2,000	2,000	-	-	-
<b>POWER GENERATION AND DISTRIBUTION</b>						
Hub Power Company Limited	9,500	-	9,500	-	-	-
<b>REFINERY</b>						
Attock Refinery Limited	61,500	130,000	191,500	-	-	-
Cnergyco PK Limited	3,167,500	1,253,000	4,420,500	-	-	-
National Refinery Limited	14,000	5,000	19,000	-	-	-
Pakistan Refinery Limited	-	2,500	2,500	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATION</b>						
Avanceon Limited	-	589,000	589,000	-	-	-
Telecard Limited	-	1,409,500	1,409,500	-	-	-
TRG Pakistan Limited	-	1,882,500	1,882,500	-	-	-
<b>Investment as at June 30, 2022</b>					-	-
<b>Investment as at June 30, 2021</b>					248,366	245,458

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6.2 Sukuk certificates

Name of investee company	Rate of return	As at July 01, 2021	Number of certificates				(Rupees in '000)				%	
			Purchased during the year	Sold / Matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments		
Listed												
Energycorp Pk Limited	13.81	150	-	-	150	3,754	3,320	66	0.43	0.72		
TPL Tracker Limited	17.78	115	-	-	115	98,558	96,313	(2,245)	10.79	18.06		
TPL Corporation Limited	17.26	-	1,150	-	1,150	115,000	115,000	-	12.88	21.56		
Unlisted												
Mughal Iron & Steels Industries Limited	15.79	10	-	-	10	9,410	9,516	106	1.07	1.78		
Hub Power Company Limited	14.29	250	-	-	250	25,600	25,720	120	2.68	4.82		
Hub Power Holdings Limited	17.42	300	-	-	300	24,738	24,738	-	2.77	4.64		
Pakistan International Airlines Corporation Limited	15.18	-	10,000	-	10,000	50,000	49,181	(819)	3.51	9.22		
Total as at June 30, 2022						327,060	324,289	(2,772)				
Total as at June 30, 2021						183,510	186,951	3,341				

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

Name of investee company	Face value per certificate (Rupees)	Redeemed face value per certificate (Rupees)	Markup rate	Issue date	Maturity date	Secured / Unsecured	Rating
Listed							
Energycorp PK Limited	100,000	25,000	3 months KIBOR + 1.05%	January 18, 2017	January 18, 2023	Secured	AAA
TPL Tracker Limited	1,000,000	833,333	3 months KIBOR + 3.00%	March 30, 2021	March 30, 2026	Secured	A+
TPL Corporation Limited	100,000	100,000	3 months KIBOR + 2.25%	June 23, 2022	June 23, 2027	Secured	AA-
Unlisted							
Mughal Iron & Steels Industries Limited	1,000,000	937,500	3 months KIBOR + 1.30%	March 2, 2021	March 2, 2026	Secured	A+
Hub Power Company Limited	100,000	100,000	1 year KIBOR + 1.90%	March 19, 2020	March 19, 2024	Secured	AA+
Hub Power Holdings Limited	100,000	82,459	6 months KIBOR + 2.50%	November 12, 2020	November 12, 2025	Secured	AA+
Pakistan International Airlines Corporation Limited	5,000	5,000	1 months KIBOR + 1%	July 26, 2021	July 26, 2031	GoP Guaranteed	GoP Guaranteed

6.4 Commercial paper - Unlisted / short term sukuk (STS)

Names of investee company	Rate of return per annum	Issue date	Maturity date	(Rupees in '000)			Markup rate	Carrying value as percentage of net assets	Carrying value as percentage of total investment	Rating
				Face value	Carrying value					
	%							%		
K-Electric Limited	14.00	April 12, 2022	October 12, 2022	90,000	90,000	6 month KIBOR + 85 bps	10.08	16.88	A1+	
Lucky Electric Power Company Limited	14.23	April 14, 2022	October 14, 2022	46,000	46,000	6 month KIBOR + 120 bps	5.15	8.63	A1+	
Lucky Electric Power Company Limited	16.83	June 15, 2022	December 15, 2022	73,000	73,000	6 month KIBOR + 120 bps	8.18	13.69	A1+	
Total as at June 30, 2022				209,000	209,000					

Total as at June 30, 2021



	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
6.5 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit or loss'			
Market value of investments		324,288	432,309
Carrying amount of investments		(327,060)	(431,876)
		<u>(2,772)</u>	<u>433</u>

## 7. PROFIT RECEIVABLE

Profit receivable on:

- Sukuk certificates	10,147	5,594
- Commercial paper	4,699	-
- Bank deposits	3,969	1,943
	<u>18,815</u>	<u>7,537</u>

## 8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with		
- National Clearing Company of Pakistan Limited	100	100
- Central Depository Company of Pakistan Limited	2,500	2,500
Security margin deposit	-	21,925
Unrealised loss on future contracts	-	2,877
Prepaid shariah advisor fee	210	209
Advance tax	8.1 54	54
	<u>2,864</u>	<u>27,665</u>

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance), payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150 of the Ordinance. However, during the year ended June 30, 2018, withholding tax on profit on debt paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt amounts to Rs. 0.054 million (2021: Rs. 0.054 million).

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
9. PRELIMINARY EXPENSES AND FLOATATION COST			
Cost		1,433	1,433
Accumulated amortisation			
Opening balance		(963)	(676)
Amortisation during the year	9.1 (287)	(287)	(287)
Closing balance		<u>(1,250)</u>	<u>(963)</u>
		<u>183</u>	<u>470</u>

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

*MP*

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>10. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee	10.1	290	240
Sindh sales tax on management fee	10.2	38	31
Expenses allocated by the Management Company	10.3	109	90
Formation cost		471	757
Others		72	3
		<u>980</u>	<u>1,121</u>

- 10.1 As per the offering document the Management Company has charged remuneration at the rate of 0.4% (2021: 0.4%) of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 10.2 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.
- 10.3 The Management Company has charged expenses at the rate of 0.15% (2021: 0.1% ) per annum of the average annual net assets of the Fund.

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>11. PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE</b>			
Trustee fee	11.1	87	72
Sindh sales tax on trustee fee	11.2	11	9
		<u>98</u>	<u>81</u>

- 11.1 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 of the Fund**

Upto Rs. 1,000 million

Exceeding Rs. 1,000 million and up to Rs. 5,000 million

Exceeding Rs. 5,000 million and up to Rs. 10,000 million

**Tariff per annum**

0.12% of Net Assets

Rs. 1.2 million plus 0.065% per annum of the amount exceeding Rs. 1,000 million

Rs. 3.8 million plus 0.06% per annum of the amount exceeding Rs. 5,000 million

- 11.2 Sindh sales tax on services 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) -----
<b>12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable to SECP	12.1	<u>159</u>	<u>84</u>

- 12.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 All Collective Investment Scheme are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (2021: 0.2%) of the average annual net assets of the scheme.

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	Note	2022 ----- (Rupees in '000) -----	2021
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditor's remuneration		185	173
Brokerage payable		-	707
NCC fee payable		25	67
Printing charges payable		150	150
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	-	1,491
Withholding tax payable		3,690	1,245
Others		22	42
Sales load payable		3	-
Charity payable		162	-
Payable against time barred cheques		134	-
		<u>4,371</u>	<u>3,875</u>

#### 13.1 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).

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 / Pension 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 provision in respect of SWWF amounting to Rs.1.491 million.

#### 14. CONTINGENCIES AND COMMITMENTS

14.1 There were no contingencies and commitments as at June 30, 2022 and June 30, 2021.

	2022	2021
<b>15. NUMBER OF UNITS IN ISSUE</b>		
Opening units in issue	14,350,814	5,927,534
Units issued during the year	42,596,772	39,723,587
Less: Units redeemed	(39,300,497)	(31,300,307)
Total units in issue at the end of the year	<u>17,647,089</u>	<u>14,350,814</u>

	2022 ----- (Rupees in '000) -----	2021
<b>16. AUDITOR'S REMUNERATION</b>		
Annual audit fee	110	100
Half year fee	55	50
Income certification	30	30
COCG certification	20	20
Out of pocket	17	15
	<u>232</u>	<u>215</u>
Sindh sales tax	18	17
	<u>250</u>	<u>232</u>

*mk*

## 17. 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 at least 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (Minimum Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year, Fund has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

## 18. 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.

## 19. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund is 1.16% (2021: 1.66%) which includes 0.12% (2021: 0.30%) representing government levies on the Fund such as Sales taxes, Annual fee to the SECP. This ratio is within the maximum limit of 2.5% (2021: 2.5%) prescribed under the NBFC Regulations for a collective investment scheme categorised as " Shariah Compliant Income Scheme".

## 20. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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.

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

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

### 20.1 Transactions during the year with connected persons / related parties

	2022	2021
	----- (Rupees in '000) -----	
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	3,171	1,690
Sindh Sales Tax Provincial on Management Remuneration	412	220
Expense allocated by the Management Company	1,189	634
Sales load	150	147
Issue of 88,736 (2021: 131,761) units	4,517	6,900
Redemption of 88,509 (2021: 131,761) units	4,553	6,925
Issue of capital refund 15 (2021 : Nil) units	1	-
Dividend paid	1	-
<b>Digital Custodian Company Limited - Trustee</b>		
Trustee remuneration	951	507
Sindh Sales Tax on trustee remuneration	124	66
<b>AKD Aggressive Income Fund</b>		
Sukuk purchased from AKD Aggressive Income Fund	-	45,000
<b>M3 Technologies Pakistan Private Limited Employees</b>		
<b>Provident Fund - Common Directorship</b>		
Issue of 104,374 (2021: Nil) units	5,355	-
Issue of capital refund 1,780 (2021 : Nil) units	90	-
Gross dividend	355	-



	2022 ----- (Rupees in '000) -----	2021
<b>Chief Financial Officer of the Management Company</b>		
Issue of Nil (2021: 13) units	-	1
Redemption of 854 (2021: Nil) units	47	-
Gross dividend	-	3
<b>Director and Chief Executive Officer of the Management Company</b>		
Issue of 338,360 (2021: 27,100) units	17,703	1,437
Redemption of 338,360 (2021: 27,100) units	17,764	1,439
<b>Spouse of the Chief Executive Officer of the Management Company</b>		
Issue of 447,569 (2021: 346,630) units	23,456	18,299
Redemption of 447,569 (2021: 2,570,366) units	23,614	130,147
<b>Director and Chief Investment Officer of the Management Company</b>		
Issue of 77,821 (2021: Nil) units	4,163	-
Issue of capital refund 4,683 (2021 : Nil) units	236	-
Gross dividend	111	-
<b>Spouse of the Director and Chief Investment Officer of the Management Company</b>		
Issue of 268,119 (2021: Nil) units	14,278	-
Issue of capital refund 14,878 (2021 : Nil) units	751	-
Gross dividend	441	-
<b>Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)</b>		
Issue of 127,384 (2021: 417) units	6,737	21
Redemption of 127,244 (2021: 19,239) units	6,743	966
Issue of capital refund 9 (2021: Nil) units	-	-
<b>Hina Aqeel- Close relative of the Sponsor of the Management Company</b>		
Issue of 40,464 (2021: Nil) units	2,155	-
Issue of capital refund 2,245 (2021 : Nil) units	113	-
Gross dividend	67	-
<b>Yasmeen Dhedhi- Close relative of the Sponsor of the Management Company</b>		
Issue of 15,515 (2021: Nil) units	830	-
Issue of capital refund 934 (2021 : Nil) units	47	-
Gross dividend	22	-
<b>Muhammad Farid Alam - Key Management Personnel of Associated Company</b>		
Issue of 17,593 (2021 : 1,687) units	962	85
Redemption of 16,368 (2021: Nil) units	900	-
Issue of capital refund 1,466 (2021 : Nil) units	74	-
Dividend paid	74	100
<b>Connected person due to holding of more than 10% units</b>		
<b>Bank Alfalah Limited Employees Provident Fund*</b>		
Issue of Nil units (2021: 1,914,064)	-	100,000
Issue of capital refund Nil (2021 : 77,627) units	-	3,898
Dividend paid	-	2,294

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	2022 ----- (Rupees in '000) -----	2021
<b>Pak Qatar Investment Account**</b>		
Issue of 5,069,316 units (2021: 9,571,272) units	278,603	505,634
Redemption of 6,001,235 (2021 : 4,783,097) units	328,383	255,379
Issue of Capital refund 371,269 (2021 : 303,078) units	18,733	15,218
Dividend paid	258	255

**Pak Qatar Individual Family Participant Investment Fund**

Issue of 2,047,665 units (2021: 3,849,493) units	112,680	202,814
Redemption of 2,047,664 (2021 : 1,923,725) units	112,680	102,711
Issue of Capital refund 185,489 (2021 : 121,896) units	9,359	6,120
Dividend paid	-	103

**20.2 Balances outstanding at year end:**

**AKD Investment Management Limited - Management Company**

Remuneration payable	290	240
Sales Tax on Management Remuneration	38	31
Payable against expenses allocated by the Management Company	109	90
Payable against formation cost	471	757
Sales load payable	72	3
Outstanding 242 (2021: Nil) units	12	-

**MCB Financial Services Limited - Trustee**

Trustee remuneration	87	72
Sindh sales Tax on trustee remuneration	11	9

**Chief Financial Officer of the Management Company**

Outstanding Nil (2021: 854) units	-	43
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**Director and Chief Investment Officer of the Management Company**

Outstanding 82,504 (2020: Nil) units	4,174	-
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**Spouse of the Director and Chief Investment Officer of the Management Company**

Outstanding 282,997 (2021: Nil) units	14,319	-
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**Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)**

Outstanding 149 (2021: Nil) units	8	-
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**Afsheen Aqeel Dhedhi - Close relative of the Sponsor of the Management Company**

Outstanding 31 (2021: 29) units	2	1
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**Muhammad Farid Alam - Key Management Personnel of Associated Company**

Outstanding 35,176 (2021: 32,485) units	1,780	1,639
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**Hina Aqeel- Close relative of the Sponsor of the Management Company**

Outstanding 42,709 (2021: Nil) units	2,161	-
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**Yasmeen Dhedhi- Close relative of the Sponsor of the Management Company**

Outstanding 16,449 (2021: Nil) units	832	-
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**M3 Technologies Pakistan Private Limited Employees Provident fund - Common Directorship**

Outstanding 106,154 (2021: Nil) units	5,371	-
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**Connected person due to holding of more than 10% units**

**Bank Alfalah Limited Employees Provident Fund\*\***

Outstanding Nil (2021: 1,991,691) units	-	100,466
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	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>Connected person due to holding of more than 10% units</b>		
<b>Pak Qatar Investment Account**</b>		
Outstanding 4,530,603 (2021: 5,091,253) units	229,231	256,815
<b>Pak Qatar Individual Family Participant Investment Fund**</b>		
Outstanding 2,233,154 (2021: 2,047,664) units	112,989	103,289

\* Prior period connected party, current figures not shown

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

## 21. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>Financial assets</b>		
<b>At fair value through profit or loss</b>		
Sukuk certificates	324,288	432,309
<b>At amortised cost</b>		
Commercial papers	209,000	-
Bank balances	336,944	261,069
Profit receivable	18,815	7,537
Deposits and other receivables	2,600	27,402
Receivable against sale of investments	6,387	-
	<u>898,034</u>	<u>728,317</u>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Payable to AKD Investment Management Limited - Management Company	980	1,121
Payable to Digital Custodian Company Limited - Trustee	98	81
Accrued expenses and other liabilities	519	1,139
	<u>1,597</u>	<u>2,341</u>

## 22. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme 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 debt instruments classified at 'fair value through profit or loss'. The Fund also has profit receivable on bank deposit & commercial papers, deposits, prepayments and other receivables. The Fund's principal financial liabilities include remuneration payable to the Management Company, the Trustee and accrued and other liabilities.

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## 22.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP, the NBFC Regulations and the NBFC Rules.

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

### 22.1.1 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. At present, the fund is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

### 22.1.2 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 such risk on its balances held with banks and investment in sukuk certificates and commercial paper. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, details of Fund's profit bearing financial instruments were as follows:

	Note	2022 ----- (Rupees in '000) -----	2021
<b>Variable rate instruments (financial assets)</b>			
Balances with banks	5	336,944	261,069
Sukuk certificates	6.2	324,288	186,851
Commercial papers	6.4	209,000	-
		<u>870,232</u>	<u>447,920</u>

#### a) Sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates on bank balances and on sukuk certificates at the reporting date it will be increased / decreased net income before taxation and total comprehensive income by Rs 8.70 million (2021: Rs 4.48 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instruments

The Fund does not hold any fixed rate instrument that exposes the Fund to fair value interest rate risk as at June 30, 2022 and June 30, 2021.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets and net income due to future movements in interest rates.

#### 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**

Sukuk certificates	13.81 to 17.78	-	3,820	320,468	-	324,288
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**Financial assets at amortised cost**

Commercial papers	14 to 16.83	-	209,000	-	-	209,000
Bank balances	12.25 to 15	336,944	-	-	-	336,944
Profit receivable		-	-	-	18,815	18,815
Deposits and other receivables		-	-	-	2,864	2,864
Receivable against sale of investments		6,387	-	-	-	6,387
		343,331	209,000	-	21,679	574,010
<b>Sub total</b>		343,331	212,820	320,468	21,679	898,298

**Financial liabilities**

Payable to AKD Investment Management - Management Company		-	-	-	980	980
Payable to Digital Custodian Company		-	-	-	98	98
Accrued expenses and other liabilities		-	-	-	519	519
<b>Sub total</b>		-	-	-	1,597	1,597

<b>On-balance sheet gap</b>		343,331	212,820	-	20,082	896,701
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<b>Total profit rate sensitivity gap</b>		343,331	212,820	-	20,082	
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<b>Cumulative profit rate sensitivity gap</b>		343,331	212,820	-	20,082	
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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	8.51 to 10.45	-	8,754	178,097	245,458	432,309
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**Financial assets at amortised cost**

Bank balances	5 to 6.8	261,069	-	-	-	261,069
Profit receivable		-	-	-	7,537	7,537
Deposits		-	-	-	24,525	24,525
		261,069	-	-	32,062	293,131
<b>Sub total</b>		261,069	8,754	178,097	277,520	725,440

**Financial liabilities**

Payable to the AKD Investment - Management Company		-	-	-	1,121	1,121
Payable to Digital Custodian Company Limited - Trustee		-	-	-	81	81
Accrued expenses and other liabilities		-	-	-	1,139	1,139
<b>Sub total</b>		-	-	-	2,341	2,341

<b>On-balance sheet gap</b>		261,069	8,754	178,097	275,179	723,099
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<b>Total profit rate sensitivity gap</b>		261,069	8,754	178,097	275,179	
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<b>Cumulative profit rate sensitivity gap</b>		261,069	8,754	178,097	275,179	
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### 22.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are cost by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Since the Fund is not allowed to invest in equity securities, hence it is not exposed to equity price risk.

### 22.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on investments in sukuk certificates, commercial papers, bank balances and other financial assets at amortised cost. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund keeps deposits and performs transactions with reputed financial institutions with reasonably high credit ratings. The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	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)				
Bank balances	336,944	336,944	261,069	261,069
Investments	533,288	533,288	432,309	432,309
Profit receivable (bank deposits and investments)	18,815	18,815	7,537	7,537
Deposits and other receivables	2,600	2,600	24,525	24,525
Receivable against sale of investments	6,387	6,387	-	-
	<b>898,034</b>	<b>898,034</b>	<b>725,440</b>	<b>725,440</b>

The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2022 and June 30, 2021:

Bank balances and profit receivable by rating category	Rating Agency	2022		2021	
		Rupees in '000	%	Rupees in '000	%
A+ / A1	PACRA	251,472	73.76	28	0.01
Suspended	VIS	12	0.00	12	0.00
AA / A-1+	VIS	89,429	26.23	262,973	99.98
		<b>340,913</b>	<b>100</b>	<b>263,013</b>	<b>100</b>

Investment in variable income securities including profit receivable	Rating Agency	Rating	2022	2021
			--- (Rupees in '000) ---	
Cnergyco PK Limited	PACRA	AAA	3,925	8,905
TPL Trakker Limited	PACRA	A+	100,219	123,922
TPL Corporation Limited	PACRA	AA-	115,435	-
Hub Power Company Limited	PACRA	AA+	26,738	26,322
Hub Power Holdings Limited Limited	PACRA	AA+	29,198	26,289
Mughal Iron & Steels Industries Limited	PACRA	A+	9,634	10,105
Pakistan International Airlines Corporation Limited	GOP	GOP	49,285	-
	Guaranteed	Guaranteed	<b>334,434</b>	<b>195,543</b>

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

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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.

#### 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 debt 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 honour its obligations to deliver cash, securities or other assets as contractually agreed.

### 22.3 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 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 ten percent 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. However, no such instances were witnessed by the Fund during the current year.

The table below analyses the Fund's financial instruments 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					
	Within one month	Over one to three months	Over three to twelve Months	Over one to five years	Total
	Rupees in '000'				
<b>Financial liabilities at amortised cost</b>					
Payable to the AKD Investment Management Limited - Management Company	758	-	184	-	980
Payable to the Digital Custodian Company Limited - Trustee	87	-	-	-	98
Accrued expenses and other liabilities	519	-	-	-	519
	<b>1,364</b>	<b>-</b>	<b>184</b>	<b>-</b>	<b>1,597</b>
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'				
<b>Financial liabilities at amortised cost</b>					
Payable to the AKD Investment Management Limited - Management Company	333	-	757	-	1,121
Payable to the Digital Custodian Company Limited - Trustee	72	-	-	-	81
Accrued expenses and other liabilities	1,139	-	-	-	1,139
	<b>1,544</b>	<b>-</b>	<b>757</b>	<b>-</b>	<b>2,341</b>

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## 23. UNIT HOLDERS' FUND 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.

## 24. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below provides information on financial assets carried at fair values, by valuation methods

	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
	Rupees in '000'			
<b>Assets</b>				
Investments	-	324,288	-	324,288

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
	Rupees in '000'			
<b>Assets</b>				
Investments	245,458	186,851	-	432,309

During the year ended June 30, 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.



## 25. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund 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 Charterholder	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 Charterholder	6

Mr. Danish Aslam is the Manager of the Fund. He is also managing AKD Cash Fund and AKD Aggressive Income Fund.

## 26. PATTERN OF UNIT HOLDING

As at June 30, 2022			
	Number of unit holders	Number of units held	% of total units
Director	1	82,504	0.47
Associated Companies	1	242	-
Individuals	1,172	7,190,484	40.75
Retirement Funds	11	1,648,221	9.34
Other Corporates	13	301,767	1.71
Insurance Companies	2	759,718	4.31
Others	11	7,664,153	43.43
	1,211	17,647,089	100

As at June 30, 2021			
	Number of unit holders	Number of units held	% of total units
Individuals	403	1,589,573	11.08
Retirement Funds	11	4,320,484	30.11
Corporates	3	402,744	2.81
Insurance Companies	2	606,937	4.23
Others	12	7,431,076	51.78
	431	14,350,814	100

## 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	Meeting 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	-	-

*NA*

28. GENERAL

28.1 Figures have been rounded off to the nearest thousand Rupees.

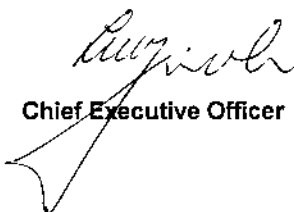
28.2 Comparative figures have been reclassified where necessary for better presentation and comparison

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.

*Mx*

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**AKD ISLAMIC INCOME FUND**  
**PERFORMANCE TABLE**

	2022	2021	2020
Total net assets value (Rs '000)*	892,873	723,889	297,595
Net assets value per unit - (Rs)*	50.5961	50.4424	50.2055
Selling price as at June 30 (Rs)*	51.1021	50.9468	50.7075
Repurchase price as at June 30 (Rs)*	50.5961	50.4424	50.2055
Highest selling price (Rs)	55.5787	54.0201	56.4446
Lowest selling price (Rs)	51.0144	50.7165	50.6709
Highest repurchase price (Rs)	55.0284	53.4852	55.8857
Lowest repurchase price (Rs)	50.5093	50.2144	50.1692
<b>Return of the Fund</b>			
- capital growth (Rs '000)	168,984	426,294	72,007
- income distribution (including refund of capital) (Rs '000)	74,441	43,847	30,687
<b>Distribution per unit</b>			
<b>Interim</b>			
Gross (2022: Announced on June 30, 2022)	4.57	3.23	5.73
Gross (2021: Announced on June 30, 2021)			
Gross (2020: Announced on June 30, 2020)			
<b>Final</b>		-	-
<b>Average Annual Return</b>			
- One year	9.39	6.95	11.54
- Two years	8.16	9.22	9.97
- Three years	9.28	8.95	8.05
Weighted Average Portfolio Duration	428	252	131

\* Final distributions for the period made subsequent to the year end have been adjusted against the closing NAVs.

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 Investment  
Management Ltd.**

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