

# ANNUAL REPORT 2022



Funds Managed by:  
AKD Investment Management Ltd

**Partner with AKD**  
Profit from the Experience

# CORPORATE INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

### Chairman

Mr. Abdul Karim

### Director & Chief Executive Officer

Mr. Imran Motiwala

### Director(s)

Ms. Anum Dhedhi  
Ms. Aysha Ahmed  
Mr. Ali Wahab Siddiqi  
Mr. Hasan Ahmed  
Mr. Saim Mustafa Zuberi

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

Mr. Muhammad Yaqoob Sultan, CFA

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

## HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali

## AUDIT COMMITTEE

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

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

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

## RATING

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

# VISION

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

# MISSION STATEMENT

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

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

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), Golden Arrow Stock Fund (GASF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its annual report along with the Funds' Audited Financial Statements for the year ended June 30, 2022.

### **FUNDS' FINANCIAL PERFORMANCE**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **MACRO PERSPECTIVE**

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

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

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

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

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

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

## **EQUITY MARKET REVIEW**

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

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

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

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

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

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

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

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

## **MONEY MARKET REVIEW**

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

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

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

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

## STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

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

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

| S.No.                          | Trades by            | Designation                              | Investment<br>(No of Units) | Redemption<br>(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 (AKDISSF) on February 4, 2022.

## **HOLDING COMPANY**

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

## **APPOINTMENT OF AUDITORS**

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

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

## **ACKNOWLEDGEMENTS**

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

## **FUTURE OUTLOOK**

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

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

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

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

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

For and on behalf of the board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim**  
Chairman

Karachi: September 28, 2022

## **FUND INFORMATION**

### **AKD Index Tracker 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**

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

#### **Registrar**

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

#### **Bankers**

Askari Bank Limited  
Bank Al Falah Limited  
Bankislami Pakistan Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
United Bank Limited

#### **Distributor**

Financial Investments Mart (Pvt) Ltd.  
Investlink Advisor (Private) Limited.  
Investomate (Private) Limited  
ITMinds 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: Asset Management Company**

PACRA: AM3++

## FUND MANAGER'S REPORT

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

Open - end Scheme investing in Equity Securities of KSE-100 Index.

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

The objective of the AKD Index Tracker Fund (AKDITF) is to trail the return of KSE-100 Index with up to 85% accuracy and provide investors with a high quality, in-depth diversification instrument.

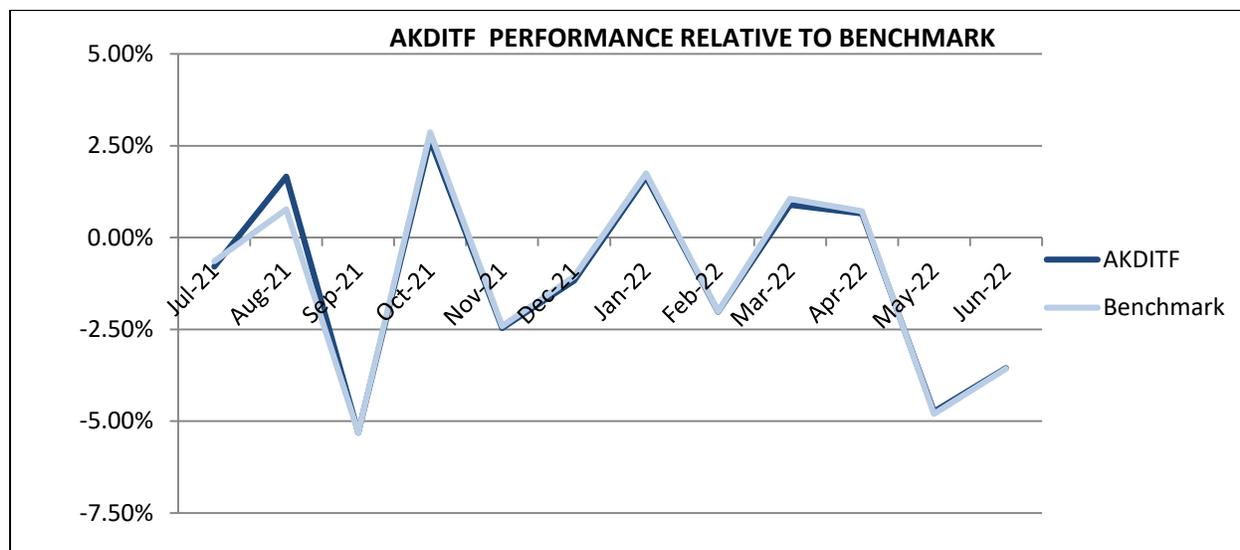
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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%.

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

KSE-100 Index.

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



| Monthly return   | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>AKDITF</b>    | -0.79% | 1.66%  | -5.31% | 2.66%  | -2.46% | -1.17% | 1.65%  | -2.02% | 0.89%  | 0.65%  | -4.74% | -3.55% |
| <b>Benchmark</b> | -0.64% | 0.77%  | -5.31% | 2.86%  | -2.41% | -1.06% | 1.75%  | -2.01% | 1.05%  | 0.71%  | -4.80% | -3.57% |

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

AKD Index Tracker Fund is a passively managed open - end equity portfolio; its performance is directly linked to the performance of KSE-100 Index with up to 85% accuracy. The Fund Manager attempts to trial the movement of the Index by using the weights of the respective stocks in the KSE-100 Index.

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

| Asset Allocation (% of Total Asset) | 30-Jun-22 | 30-Jun-21 |
|-------------------------------------|-----------|-----------|
| Equities                            | 96.98%    | 97.48%    |
| Cash                                | 2.35%     | 1.53%     |
| Other Assets including Receivables  | 0.67%     | 0.99%     |

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

|                  |         |
|------------------|---------|
| FY22 Return      | -12.18% |
| Benchmark Return | -12.28% |

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

| Net Assets Value  |           | Change in Net Assets | NAV Per Unit |           |
|-------------------|-----------|----------------------|--------------|-----------|
| 30-Jun-22         | 30-Jun-21 |                      | 30-Jun-22    | 30-Jun-21 |
| (Rupees In "000") |           |                      | Rs.          | Rs.       |
| 427,595           | 478,975   | -10.73%              | 12.57        | 14.32     |

x) **Statement on the characteristics and general composition of the index:**

AKD Index Tracker Fund tracks the returns of the KSE-100 Index with up to 85% accuracy, providing investors with high quality, in depth diversification instrument.

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

**MACRO PERSPECTIVE**

Pakistan's economy continued to witness robust growth as the pace of the economy exceeded expectations of the State Bank of Pakistan (SBP), albeit coming at the expense of an elevated Current Account Deficit (CAD) amid rising inflation fueled by a significant currency devaluation and an

unprecedented increase in international commodity prices. During FY22, the SBP remained prudent given the inflationary pressures; hence, increasing the policy rate by 675 basis points to 13.75%.

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

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

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

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

## **EQUITY MARKET REVIEW**

The tumultuous FY22 ended with the KSE-100 index recording a decline of 12.3% YoY to settle at 41,541 points as widespread political and economic uncertainty took a heavy toll on the market. The FY22 started with rising tensions, as the US announced an end of military aggression in Afghanistan, coupled with geopolitical turmoil triggered monetary tightening at home as the policy rate was jacked up by 650bps to 13.75% to address inflation. Investors' sentiment was further jolted following Russia's full-scale invasion into Ukraine which led to a further surge in international commodity prices. Positive investor sentiment on the back of hope of political stability following the former PM Khan's ouster was short-lived as economic realities kicked in with an unsustainable current account deficit and depleting

foreign exchange reserves; sovereign default seemed imminent without IMF support. Without say, averting a sovereign default through an IMF program kept confidence in check as harsh economic decisions by the new ruling government were unavoidable. The average daily turnover decreased by 45% YoY to 291.47 million shares during FY22. Similarly, during 4QFY22, the average daily turnover clocked in at 249.45 million shares which declined/increased by 63% YoY / 8% QoQ.

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

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

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

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

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

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

## **FUTURE OUTLOOK**

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

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

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

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

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

There were no significant changes in the state of affairs during the period under review.

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

There were no unit splits during the period.

**xiv) Break down of unit holdings by size:**

| <b>Range (Units)</b> | <b>No. of Investors</b> |
|----------------------|-------------------------|
| 0.0001 to 9,999      | 619                     |
| 10000 to 49999       | 25                      |
| 50,000 - 99,999      | 4                       |
| 100,000 - 499,999    | 1                       |
| 500,000 and above    | 2                       |
| <b>Total</b>         | <b>651</b>              |

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

Investments are subject to credit and market risk.

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

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

**AKD Index Tracker Fund**

Details of Pattern of Holding (Units)

As At June 30, 2022

|                          | No. Of Unitholders | Units Held        | % of Total     |
|--------------------------|--------------------|-------------------|----------------|
| Associated Companies     | -                  | -                 | -              |
| Directors and CEO        | -                  | -                 | -              |
| Individuals              | 642                | 1,790,780         | 5.27%          |
| Insurance Companies      | -                  | -                 | -              |
| Banks/DFIs               | -                  | -                 | -              |
| Retirement funds         | 1                  | 31,210,812        | 91.77%         |
| Public Limited Companies | 1                  | 17,740            | 0.05%          |
| Others                   | 7                  | 989,871           | 2.91%          |
|                          | <b>651</b>         | <b>34,009,203</b> | <b>100.00%</b> |

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)

Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AKD INDEX TRACKER FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Index Tracker Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 30, 2022

**AKD Index Tracker Fund**

Financial Statements  
for the year ended June 30, 2022

## INDEPENDENT AUDITORS' REPORT

To the Unit Holders of AKD Index Tracker Fund

### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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 are the Key Audit Matters:

| S. No. | Key audit matter   | How the matter was addressed in our audit  |
|--------|--|--|
| 1      | <p><b>Valuation and existence of investment</b></p> <p>As disclosed in note 6 to the financial statements, investments amounted to Rs. 423.649 million as at June 30, 2022.</p> <p>These investments represent a significant item on the statement of assets and liabilities. The Fund invests principally in listed equity securities which is the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence of investments are significant areas during our audit. Consequently, we have considered this as a key audit matter.</p> | <ul style="list-style-type: none"><li>• Obtained understanding of relevant controls placed by Management Company applicable to the balances;</li><li>• independently matched securities held by the Fund with the securities appearing in the Central Depository Company account statement to verify existence;</li><li>• independently tested valuations with the prices quoted on Pakistan Stock Exchange;</li></ul> |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"><li>performed purchases and sales testing on a sample of trades made during the period regarding movement of the securities;</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.

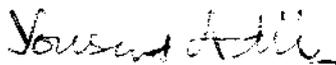
We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where 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: AR202210186LPeBaAh7N

**AKD INDEX TRACKER FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2022**

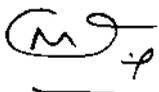
|   | 2022                         | 2021                          |
|---|------------------------------|-------------------------------|
|   | ----- (Rupees in '000) ----- |                               |
| <b>ASSETS</b>   |                              |                               |
| Bank balances   | 5                            | 10,272                        |
| Investments   | 6                            | 423,649                       |
| Dividend and profit receivable on bank deposits                     | 7                            | 266                           |
| Deposits and other receivables                                      | 8                            | 2,666                         |
| <b>Total assets</b>   | <b>436,853</b>               | <b>490,592</b>                |
| <b>LIABILITIES</b>  |                              |                               |
| Payable to AKD Investment Management Limited - Management Company   | 9                            | 1,691                         |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 10                           | 80                            |
| Payable to Securities and Exchange Commission of Pakistan           | 11                           | 92                            |
| Accrued expenses and other liabilities                              | 12                           | 3,667                         |
| Dividend payable  |                              | 3,728                         |
| <b>Total liabilities</b>  | <b>9,258</b>                 | <b>11,617</b>                 |
| <b>NET ASSETS</b>   | <b>427,595</b>               | <b>478,975</b>                |
| <b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>               | <b>427,595</b>               | <b>478,975</b>                |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                |                              |                               |
|   | 13                           |                               |
|   |                              | ----- (Number of Units) ----- |
| <b>NUMBER OF UNITS IN ISSUE</b>                                     | 14                           | <b>34,009,203</b>             |
|   |                              | ----- (Rupees) -----          |
| <b>NET ASSETS VALUE PER UNIT</b>                                    |                              | <b>12.57</b>                  |
|   |                              | <b>14.32</b>                  |

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

*MA*

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

AKD INDEX TRACKER FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022

|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021           |
|---|------|--------------------------------------|----------------|
| <b>INCOME</b>   |      |                                      |                |
| Capital (loss) / gain on sale of investments<br>classified at 'fair value through profit or loss'                 |      | (3,707)                              | 8,270          |
| Net unrealised (loss) / gain on re-measurement of investment<br>classified at 'fair value through profit or loss' | 6.4  | (88,376)                             | 102,602        |
| Dividend income   |      | 34,382                               | 26,441         |
| Profit on bank deposits   |      | 972                                  | 618            |
| Other income  | 12.1 | 4,814                                | -              |
| <b>Total (loss) / income</b>  |      | <b>(51,915)</b>                      | <b>137,931</b> |
| <b>EXPENSES</b>   |      |                                      |                |
| Remuneration of AKD Investment Management Limited - Management Company  | 9.1  | 3,458                                | 3,416          |
| Sindh Sales tax on remuneration of Management Company   | 9.2  | 450                                  | 444            |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee  | 10.1 | 919                                  | 911            |
| Sindh Sales tax on remuneration of Trustee  | 10.2 | 121                                  | 120            |
| Annual fee to the Securities and Exchange Commission of Pakistan  | 11.1 | 92                                   | 91             |
| Expenses allocated by Management Company  | 9.3  | 460                                  | 455            |
| Auditor's remuneration  | 16   | 348                                  | 321            |
| Brokerage   |      | 151                                  | 160            |
| Printing and stationery   |      | -                                    | 35             |
| Legal and professional  |      | 433                                  | 216            |
| Settlement and bank charges   |      | 29                                   | 24             |
| Fee and subscription  |      | 336                                  | 347            |
| Provision against Sindh Workers' Welfare Fund   |      | -                                    | 2,628          |
| <b>Total expenses</b>   |      | <b>6,797</b>                         | <b>9,168</b>   |
| <b>Net (loss) / income for the year before taxation</b>   |      | <b>(58,712)</b>                      | <b>128,763</b> |
| Taxation  | 17   | -                                    | -              |
| <b>Net (loss) / income for the year after taxation</b>  |      | <b>(58,712)</b>                      | <b>128,763</b> |
| <b>Earnings per unit</b>  | 18   |                                      |                |
| <b>Allocation of income for the year</b>  |      |                                      |                |
| Net income for the year after taxation  |      | -                                    | 128,763        |
| Income already paid on units redeemed   |      | -                                    | (5,830)        |
|   |      | -                                    | 122,933        |
| <b>Accounting income available for distribution</b>   |      |                                      |                |
| Relating to capital gain  |      | -                                    | 110,872        |
| Excluding capital gains   |      | -                                    | 12,061         |
|   |      | -                                    | 122,933        |

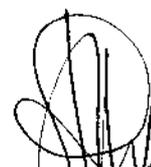
The annexed notes from 1 to 29 form an integral part of these financial statements.

*MA*

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

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

|  | 2022                         | 2021           |
|--|------------------------------|----------------|
|  | ----- (Rupees in '000) ----- |                |
| Net income for the year after taxation         | (58,712)                     | 128,763        |
| Other comprehensive income for the year        | -                            | -              |
| <b>Total comprehensive income for the year</b> | <b>(58,712)</b>              | <b>128,763</b> |

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

MPX

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

AKD INDEX TRACKER FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022

|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021            |
|---|------|--------------------------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |      |                                      |                 |
| Net (loss) / income for the period before taxation  |      | (58,712)                             | 128,763         |
| <b>Adjustments for non cash items and other items:</b>  |      |                                      |                 |
| Net unrealised diminution / (appreciation) on re-measurement of investments classified 'at fair value through profit or loss' | 6.1  | 88,376                               | (102,602)       |
| Capital gain / (loss) on sale of investments  |      | 3,707                                | (8,270)         |
| Dividend income   |      | (34,382)                             | (26,441)        |
| Provision for Sindh Workers' Welfare Fund   |      | -                                    | 2,628           |
| Profit on bank deposits   |      | (972)                                | (618)           |
| Other income  |      | (4,814)                              | -               |
|   |      | <u>(6,797)</u>                       | <u>(6,540)</u>  |
| <b>(Increase) / Decrease in assets</b>  |      |                                      |                 |
| Deposits and other receivables  |      | (16)                                 | (26)            |
| Receivable against sale of securities   |      | -                                    | 32              |
|   |      | <u>(16)</u>                          | <u>6</u>        |
| <b>Decrease / (Increase) in liabilities</b>   |      |                                      |                 |
| Payable to AKD Investment Management Limited - Management Company   |      | (127)                                | 160             |
| Payable to Central Depository Company of Pakistan Limited - Trustee   |      | (15)                                 | 21              |
| Payable to Securities and Exchange Commission of Pakistan   |      | 1                                    | 14              |
| Accrued expenses and other liabilities  |      | 2,596                                | 424             |
|   |      | <u>2,455</u>                         | <u>619</u>      |
| Dividend received   |      | 36,371                               | 25,094          |
| Investments - net   |      | (37,490)                             | 15,052          |
| Profit on bank deposits received  |      | 917                                  | 631             |
| <b>Net cash (used in) / generated from operating activities</b>   |      | <u>(4,560)</u>                       | <u>34,862</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |      |                                      |                 |
| Amount received on issue of units   |      | 27,783                               | 42,308          |
| Payment against redemption of units   |      | (20,451)                             | (59,116)        |
| Distributions paid  |      | -                                    | (20,287)        |
| <b>Net cash flows generated from / (used in) financing activities</b>   |      | <u>7,332</u>                         | <u>(37,095)</u> |
| <b>Net increase / (decrease) in cash and cash equivalents during the year</b>   |      | <u>2,772</u>                         | <u>(2,233)</u>  |
| Cash and cash equivalents at beginning of the year  |      | 7,500                                | 9,733           |
| <b>Cash and cash equivalents at end of the year</b>   | 5    | <u>10,272</u>                        | <u>7,500</u>    |

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

*Signature*

*Signature*  
Chief Executive Officer

For AKD Investment Management Limited  
(Management Company)

*Signature*  
Chief Financial Officer

*Signature*  
Director

AKD INDEX TRACKER 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) |                      |          |               |                      |          |
| Net assets at beginning of the year  | 365,165          | 113,810              | 478,975  | 376,206       | 11,101               | 387,307  |
| Issue of 2,040,979 (2021: 3,058,623) units                                     |                  |                      |          |               |                      |          |
| - Capital value  | 29,220           | -                    | 29,220   | 33,967        | -                    | 33,967   |
| - Element of loss  | (1,437)          | -                    | (1,437)  | 8,341         | -                    | 8,341    |
| Total proceeds on issuance of units  | 27,783           | -                    | 27,783   | 42,308        | -                    | 42,308   |
| Redemption of 1,487,752 (2021: 4,478,792) units                                |                  |                      |          |               |                      |          |
| - Capital value  | (21,300)         | -                    | (21,300) | (49,738)      | -                    | (49,738) |
| - Element of income / (loss)   | 849              | -                    | 849      | (3,548)       | (5,830)              | (9,378)  |
| Total payments on redemption of units  | (20,451)         | -                    | (20,451) | (53,286)      | (5,830)              | (59,116) |
| Total comprehensive income for the year  | -                | (58,712)             | (58,712) | -             | 128,763              | 128,763  |
| Distribution during the year declared on June 25, 2021 @Re. 0.6315 per unit    | -                | -                    | -        | -             | (20,224)             | (20,224) |
| Refund of capital  | -                | -                    | -        | (63)          | -                    | (63)     |
| Net income for the year less distribution                                      | -                | (58,712)             | (58,712) | (63)          | 108,539              | 108,476  |
| Net assets at end of the year  | 372,497          | 55,098               | 427,595  | 365,165       | 113,810              | 478,975  |
| Undistributed income brought forward   |                  |                      |          |               |                      |          |
| - Realised income  |                  | 11,208               |          |               | 28,978               |          |
| - Unrealised income / (loss)   |                  | 102,602              |          |               | (17,877)             |          |
|  |                  | 113,810              |          |               | 11,101               |          |
| Final cash distribution during the year declared on June 25, 2021 Re. 0.63153) |                  | -                    |          |               | (20,224)             |          |
| Accounting income available for distribution                                   |                  |                      |          |               |                      |          |
| - Relating to capital gains  |                  | -                    |          |               | 110,872              |          |
| - Excluding capital gains  |                  | -                    |          |               | 12,061               |          |
|  |                  | -                    |          |               | 122,933              |          |
| Net loss for the period after taxation   |                  | (58,712)             |          |               | -                    |          |
| Undistributed income carried forward   |                  | 55,098               |          |               | 113,810              |          |
| Undistributed income carried forward   |                  |                      |          |               |                      |          |
| - Realised income  |                  | 143,474              |          |               | 11,208               |          |
| - Unrealised (loss) / income   |                  | (88,376)             |          |               | 102,602              |          |
|  |                  | 55,098               |          |               | 113,810              |          |
|  |                  |                      |          |               |                      |          |
|  |                  |                      |          | (Rupees)      |                      | (Rupees) |
| Net assets value per unit at beginning of the year                             |                  |                      | 14.32    |               |                      | 11.11    |
| Net assets value per unit at end of the year                                   |                  |                      | 12.57    |               |                      | 14.32    |

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 INDEX TRACKER FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

AKD Index Tracker Fund ("The Fund") was established under a Trust Deed, dated May 2, 2007 executed between AKD Investment Management Limited (AKDIML) as Asset Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 02, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 12, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-ended mutual fund. The Fund commenced its operations from October 11, 2005.

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

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

The Fund is categorised as Index Tracker Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall strive to remain fully invested in accordance with the stated index (i.e. KSE-100 index), however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index or its subsets during the year based on monthly average investment calculated on daily basis. The units invested amount shall be kept in cash and / or near cash instrument where near cash instrument include deposits with bank (excluding TDRs), and treasury bills not exceeding 90 days maturity.

The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan 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. Due to specialised nature of the Fund, performance rating has not been taken, as the comparable benchmark is not available.

The Fund has 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 PRESENTATION**

**2.1 Statement of compliance**

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

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

Where provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed companies ordinance 1984; and 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; and the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

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

## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

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

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

The areas involving a higher degree of judgment 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 4.3)

## 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 amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

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

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

January 01, 2021

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021

April 01, 2021

### 3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

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



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

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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### **Financial assets at FVOCI**

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

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

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI), only dividend income is recognised in the 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 requirement 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 the 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:

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#### **Basis of valuation of equity securities**

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

#### **4.1.5 Impairment**

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

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

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

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

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

#### **4.1.6 Classification and measurement of financial liabilities**

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

#### **4.1.7 Derecognition**

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

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

#### **4.1.8 Regular way contracts**

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

#### **4.1.9 Offsetting of financial assets and liabilities**

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

#### 4.2 Cash and cash equivalents

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

#### 4.3 Provisions

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

#### 4.4 Taxation

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

The Fund is also exempt from the provisions of Section 113 (Minimum Tax) 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.

#### 4.5 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 Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 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.

#### 4.6 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.

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

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

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4.8 **Net asset value per unit**

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.9 **Revenue recognition**

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

4.10 **Expenses**

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

|                         | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|-------------------------|------|--------------------------------------|--------------------------------------|
| <b>5. BANK BALANCES</b> |      |                                      |                                      |
| Saving accounts         | 5.1  | 9,883                                | 7,111                                |
| Current accounts        |      | 389                                  | 389                                  |
|                         |      | <u>10,272</u>                        | <u>7,500</u>                         |

5.1 Mark-up rates on these accounts ranges from 5% to 13% (2021: 5.5%) per annum.

|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|------|--------------------------------------|--------------------------------------|
| <b>6. INVESTMENTS</b>                       |      |                                      |                                      |
| <b>At fair value through profit or loss</b> |      |                                      |                                      |
| Listed equity securities                    | 6.1  | <u>423,649</u>                       | <u>478,242</u>                       |

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6.1 Listed equity securities

| Name of investee company                         | Face value per share (Rupees) | Number of shares / certificates |                           |                     |                       | Balance as at June 30, 2022 |               |               |                             | Market Value as a percentage of investments | Market value as percentage of net assets | Market Value as a Percentage of paid up capital of the investee company held |
|--|-------------------------------|---------------------------------|---------------------------|---------------------|-----------------------|-----------------------------|---------------|---------------|-----------------------------|---|--|--|
|  |                               | As at July 01, 2021             | Purchases during the year | Bonus / right issue | Sales during the year | As at June 30, 2022         | Carrying cost | Market Value  | Appreciation / (diminution) |   |  |  |
| (Rupees in '000)                                 |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| <b>Fully paid ordinary shares / certificates</b> |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| <b>Automobile Assembler</b>                      |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| Atlas Honda Limited                              | 10                            | 2,920                           | -                         | -                   | -                     | 2,920                       | 1,402         | 1,103         | (289)                       | 0.26  | 0.26                                     | 0.00   |
| Honda Atlas Cars (Pakistan) Limited              | 10                            | 6,770                           | -                         | -                   | -                     | 6,770                       | 2,341         | 1,318         | (1,023)                     | 0.31  | 0.31                                     | 0.01   |
| Indus Motor Company Limited                      | 10                            | 3,179                           | 370                       | -                   | -                     | 3,549                       | 4,448         | 4,062         | (386)                       | 0.96  | 0.95                                     | 0.00   |
| Millat Tractors Limited (note 6.3)               | 10                            | 6,668                           | 910                       | 5,075               | 30                    | 12,623                      | 7,972         | 11,015        | 3,043                       | 2.60  | 2.58                                     | 0.01   |
| Pak Suzuki Motor Company Limited                 | 10                            | 5,132                           | -                         | -                   | -                     | 5,132                       | 1,824         | 1,084         | (740)                       | 0.26  | 0.25                                     | 0.00   |
|  |                               |                                 |                           |                     |                       | <b>17,387</b>               | <b>18,582</b> |               | <b>595</b>                  |   |  |  |
| <b>Automobile Parts &amp; Accessories</b>        |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| Agriauto Industries Limited                      | 5                             | 4,300                           | 150                       | -                   | 4,450                 | 10,371                      | 4,263         | 2,796         | (1,467)                     | 0.66  | 0.65                                     | 0.01   |
| Thal Limited                                     | 5                             | 7,621                           | 2,750                     | -                   | -                     | 10,371                      | 4,263         | 2,796         | (1,467)                     |   |  |  |
|  |                               |                                 |                           |                     |                       |                             | <b>4,263</b>  | <b>2,796</b>  | <b>(1,467)</b>              |   |  |  |
| <b>Cable &amp; Electrical Goods</b>              |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| Pak Elektron Limited                             | 10                            | 58,775                          | 45,000                    | 21,118              | 16,500                | 108,393                     | 2,586         | 1,722         | (864)                       | 0.41  | 0.40                                     | 0.09   |
| Pak Electron Ltd-Letter Of Rights                | 10                            | -                               | -                         | 21,200              | 21,200                | -                           | -             | -             | -                           | -   | -  | -  |
|  |                               |                                 |                           |                     |                       |                             | <b>2,586</b>  | <b>1,722</b>  | <b>(864)</b>                |   |  |  |
| <b>Cement</b>                                    |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| Cherat Cement Company Limited (note 6.3)         | 10                            | 27,805                          | 2,800                     | -                   | 200                   | 30,405                      | 5,230         | 2,829         | (2,401)                     | 0.67  | 0.66                                     | 0.02   |
| D.G. Khan Cement Company Limited (note 6.3)      | 10                            | 52,187                          | 5,000                     | -                   | 100                   | 57,087                      | 6,497         | 3,568         | (2,929)                     | 0.84  | 0.83                                     | 0.05   |
| Fauji Cement Company Limited                     | 10                            | 180,800                         | 8,000                     | -                   | 500                   | 188,300                     | 4,295         | 2,668         | (1,627)                     | 0.63  | 0.62                                     | 0.15   |
| Javedan Corporation Limited                      | 10                            | -                               | 31,500                    | -                   | 2,000                 | 29,500                      | 1,415         | 1,239         | (176)                       | 0.29  | 0.29                                     | 0.02   |
| Kohat Cement Company Limited                     | 10                            | 14,350                          | 1,000                     | -                   | 50                    | 15,300                      | 3,096         | 1,991         | (1,105)                     | 0.47  | 0.47                                     | 0.01   |
| Lucky Cement Limited                             | 10                            | 26,964                          | 2,850                     | -                   | 550                   | 29,264                      | 24,571        | 13,433        | (11,138)                    | 3.17  | 3.14                                     | 0.02   |
| Maple Leaf Cement Factory Limited (note 6.3)     | 10                            | 117,747                         | 12,000                    | -                   | 500                   | 129,247                     | 5,880         | 3,535         | (2,345)                     | 0.83  | 0.83                                     | 0.10   |
| Pioneer Cement Limited                           | 10                            | 26,900                          | 2,500                     | -                   | -                     | 29,400                      | 3,677         | 1,774         | (1,903)                     | 0.42  | 0.41                                     | 0.02   |
|  |                               |                                 |                           |                     |                       |                             | <b>54,661</b> | <b>31,037</b> | <b>(23,624)</b>             |   |  |  |
| <b>Chemical</b>                                  |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| Archroma Pakistan Limited                        | 10                            | 1,950                           | 50                        | -                   | -                     | 2,000                       | 1,145         | 1,098         | (47)                        | 0.26  | 0.26                                     | 0.00   |
| Colgate Palmolive (Pakistan) Limited             | 10                            | 1,502                           | 150                       | 225                 | -                     | 1,877                       | 4,112         | 4,219         | 107                         | 1.00  | 0.99                                     | 0.00   |
| Engro Polymer & Chemicals Limited                | 10                            | 75,897                          | 7,000                     | -                   | 700                   | 82,197                      | 4,036         | 6,545         | 2,509                       | 1.54  | 1.53                                     | 0.07   |
| ICI Pakistan Limited                             | 10                            | 3,288                           | 150                       | -                   | -                     | 3,438                       | 2,969         | 2,491         | (478)                       | 0.89  | 0.88                                     | 0.00   |
| Lotte Chemical Pakistan Limited                  | 10                            | 88,000                          | 9,500                     | -                   | -                     | 97,500                      | 1,583         | 2,303         | 720                         | 0.54  | 0.54                                     | 0.08   |
|  |                               |                                 |                           |                     |                       |                             | <b>13,845</b> | <b>16,656</b> | <b>2,811</b>                |   |  |  |
| <b>Close - End Mutual Fund</b>                   |                               |                                 |                           |                     |                       |                             |               |               |                             |   |  |  |
| HBL Growth Fund - Class A                        | 10                            | 57,512                          | 5,000                     | -                   | -                     | 62,512                      | 517           | 322           | (195)                       | 0.08  | 0.08                                     | 0.05   |

| Name of investee company                         | Face value per share (Rupees) | As at July 01, 2021 | Purchases during the year | Bonus / right issue | Sales during the year | As at June 30, 2022 | Balance as at June 30, 2022 |               |                             | Market Value as a percentage of investments | Market value as percentage of net assets | Market Value as a Percentage of the investee company held |
|--|-------------------------------|---------------------|---------------------------|---------------------|-----------------------|---------------------|-----------------------------|---------------|-----------------------------|---|--|---|
|  |                               |                     |                           |                     |                       |                     | Carrying cost               | Market Value  | Appreciation / (diminution) |   |  |   |
| (Rupees in '000)                                 |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| Number of shares / certificates                  |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| <b>Fully paid ordinary shares / certificates</b> |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| <b>Commercial Banks</b>                          |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| Allied Bank Limited                              | 10                            | 40,539              | 1,800                     | -                   | 13,500                | 28,839              | 2,149                       | 1,990         | (159)                       | 0.47  | 0.47                                     | 0.02  |
| Askari Bank Limited                              | 10                            | 89,813              | 9,000                     | -                   | -                     | 98,813              | 2,202                       | 1,722         | (480)                       | 0.41  | 0.40                                     | 0.08  |
| Bank AL Habib Limited                            | 10                            | 172,032             | 17,900                    | -                   | 3,000                 | 186,932             | 13,075                      | 10,853        | (2,222)                     | 2.56  | 2.54                                     | 0.15  |
| Bank Aflah Limited                               | 10                            | 169,034             | 12,500                    | -                   | 21,000                | 160,534             | 5,193                       | 5,137         | (56)                        | 1.21  | 1.20                                     | 0.13  |
| Faysal Bank Limited                              | 10                            | 90,160              | 7,500                     | -                   | -                     | 97,660              | 1,710                       | 2,253         | 543                         | 0.53  | 0.53                                     | 0.08  |
| Habib Bank Limited                               | 10                            | 174,933             | 18,600                    | -                   | 3,800                 | 189,733             | 23,007                      | 17,330        | (5,677)                     | 4.09  | 4.05                                     | 0.15  |
| Habib Metropolitan Bank Limited                  | 10                            | 112,248             | 10,000                    | -                   | 500                   | 121,748             | 4,975                       | 4,754         | (221)                       | 1.12  | 1.11                                     | 0.10  |
| MCB Bank Limited (note 6.3)                      | 10                            | 98,878              | 10,500                    | -                   | 1,310                 | 108,068             | 17,142                      | 13,290        | (3,852)                     | 3.14  | 3.11                                     | 0.09  |
| Meezan Bank Limited (note 6.3)                   | 10                            | 84,287              | 21,200                    | 12,613              | 12,100                | 106,000             | 11,338                      | 11,976        | 638                         | 2.83  | 2.80                                     | 0.09  |
| National Bank of Pakistan                        | 10                            | 120,938             | 11,000                    | -                   | 500                   | 131,438             | 4,747                       | 3,574         | (1,073)                     | 0.87  | 0.86                                     | 0.11  |
| Standard Chartered Bank (Pakistan) Limited       | 10                            | 45,848              | -                         | -                   | -                     | 45,848              | 1,553                       | 876           | (677)                       | 0.21  | 0.20                                     | 0.04  |
| The Bank of Punjab                               | 10                            | 265,659             | 25,000                    | 33,082              | 1,000                 | 322,741             | 2,363                       | 1,749         | (614)                       | 0.41  | 0.41                                     | 0.26  |
| United Bank Limited                              | 10                            | 116,729             | 12,200                    | -                   | 2,250                 | 126,679             | 15,608                      | 14,331        | (1,277)                     | 3.38  | 3.35                                     | 0.10  |
|  |                               |                     |                           |                     |                       |                     | <b>105,062</b>              | <b>89,935</b> | <b>(15,127)</b>             |   |  |   |
| <b>Engineering</b>                               |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| Aisha Steel Mills Limited                        | 10                            | -                   | 83,500                    | -                   | 800                   | 82,700              | 1,760                       | 914           | (846)                       | 0.22  | 0.21                                     | 0.07  |
| International Industries Limited                 | 10                            | 17,300              | 1,500                     | -                   | 50                    | 18,750              | 3,793                       | 1,945         | (1,848)                     | 0.46  | 0.45                                     | 0.02  |
| International Steels Limited                     | 10                            | 36,100              | 3,000                     | -                   | -                     | 39,100              | 3,557                       | 2,321         | (1,236)                     | 0.55  | 0.54                                     | 0.03  |
| Mughal Iron & Steel Industries Limited           | 10                            | -                   | 18,200                    | 2,505               | -                     | 20,705              | 1,808                       | 1,193         | (615)                       | 0.28  | 0.28                                     | 0.02  |
|  |                               |                     |                           |                     |                       |                     | <b>10,918</b>               | <b>6,373</b>  | <b>(4,545)</b>              |   |  |   |
| <b>Fertilizer</b>                                |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| Engro Corporation Limited                        | 10                            | 75,581              | 8,550                     | -                   | 2,150                 | 81,981              | 23,981                      | 21,076        | (2,905)                     | 4.97  | 4.93                                     | 0.07  |
| Engro Fertilizer Limited                         | 10                            | 143,275             | 15,100                    | -                   | 2,950                 | 155,425             | 11,119                      | 13,777        | 2,658                       | 3.25  | 3.22                                     | 0.13  |
| Fatima Fertilizer Company Limited                | 10                            | 74,134              | 4,500                     | -                   | -                     | 78,634              | 2,299                       | 2,972         | 673                         | 0.70  | 0.70                                     | 0.06  |
| Fauji Fertilizer Bin Qasim Limited               | 10                            | 106,302             | 8,500                     | -                   | -                     | 114,802             | 3,019                       | 2,324         | (695)                       | 0.55  | 0.54                                     | 0.09  |
| Fauji Fertilizer Company Limited                 | 10                            | 166,450             | 17,700                    | -                   | 3,150                 | 181,000             | 19,223                      | 19,950        | 727                         | 4.71  | 4.67                                     | 0.15  |
|  |                               |                     |                           |                     |                       |                     | <b>59,641</b>               | <b>60,099</b> | <b>458</b>                  |   |  |   |
| <b>Food &amp; Personal Care Products</b>         |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| Frieslandcampina Engro Pakistan Limited          | 10                            | 18,024              | 200                       | -                   | -                     | 18,224              | 2,096                       | 1,244         | (852)                       | 0.29  | 0.29                                     | 0.01  |
| Murree Brewery Company Limited                   | 10                            | 2,930               | -                         | -                   | -                     | 2,930               | 1,705                       | 1,187         | (518)                       | 0.28  | 0.28                                     | 0.00  |
| National Foods Limited                           | 5                             | 13,132              | 1,150                     | 3,320               | -                     | 17,602              | 3,199                       | 2,548         | (651)                       | 0.60  | 0.60                                     | 0.01  |
| Nestle Pakistan Limited                          | 10                            | 534                 | 40                        | -                   | -                     | 574                 | 3,325                       | 3,329         | 4                           | 0.79  | 0.78                                     | 0.00  |
|  |                               |                     |                           |                     |                       |                     | <b>10,325</b>               | <b>8,308</b>  | <b>(2,017)</b>              |   |  |   |
| <b>Glass &amp; Ceramics</b>                      |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |   |
| Ghani Glass Limited                              | 10                            | 59,293              | 4,500                     | -                   | -                     | 63,793              | 3,056                       | 2,605         | (451)                       | 0.61  | 0.61                                     | 0.05  |
| Tariq Glass Industries Limited                   | 10                            | -                   | 13,000                    | -                   | -                     | 13,000              | 1,532                       | 1,350         | (182)                       | 0.32  | 0.32                                     | 0.01  |
|  |                               |                     |                           |                     |                       |                     | <b>4,688</b>                | <b>3,955</b>  | <b>(733)</b>                |   |  |   |

| Name of investee company                         | Face value per share (Rupees) | As at July 01, 2021 | Purchases during the year | Bonus / right issue | Sales during the year | As at June 30, 2022 | Balance as at June 30, 2022 |               |                             | Market Value as a percentage of investments | Market value as percentage of net assets | Market Value as a Percentage of the invested capital of the investee company field |
|--|-------------------------------|---------------------|---------------------------|---------------------|-----------------------|---------------------|-----------------------------|---------------|-----------------------------|---|--|--|
|  |                               |                     |                           |                     |                       |                     | Carrying cost               | Market Value  | Appreciation / (diminution) |   |  |  |
| (Rupees in '000)                                 |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| -----Number of shares / certificates----- (%)    |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| <b>Fully paid ordinary shares / certificates</b> |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| <b>Insurance</b>                                 |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Adamee Insurance Company Limited                 | 10                            | 66,240              | -                         | -                   | 4,000                 | 62,240              | 2,581                       | 1,964         | (617)                       | 0.46  | 0.46                                     | 0.05   |
| EFU General Insurance Limited                    | 10                            | 14,137              | 1,500                     | -                   | -                     | 15,637              | 1,795                       | 1,744         | (51)                        | 0.41  | 0.41                                     | 0.01   |
| IGI Holdings Limited                             | 10                            | 8,116               | 300                       | -                   | -                     | 8,416               | 1,626                       | 932           | (694)                       | 0.22  | 0.22                                     | 0.01   |
| Jubilee Life Insurance Company Limited           | 10                            | 4,111               | -                         | -                   | 4,111                 | -                   | -                           | -             | -                           | -   | -  | -  |
|  |                               |                     |                           |                     |                       |                     | <u>6,002</u>                | <u>4,640</u>  | <u>(1,362)</u>              |   |  |  |
| <b>Inv. Banks / Inv. Cos. / Securities Cos.</b>  |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Dawood Hercules Corporation Limited (note 6.3)   | 10                            | 80,246              | 8,400                     | -                   | 800                   | 87,846              | 9,961                       | 8,131         | (1,830)                     | 1.92  | 1.90                                     | 0.07   |
| Jahangir Siddiqui & Company Limited              | 10                            | -                   | 63,000                    | -                   | 63,000                | 114,000             | 2,544                       | 1,166         | (1,378)                     | 0.28  | 0.27                                     | 0.09   |
| Pakistan Stock Exchange Limited                  | 10                            | 113,500             | 500                       | -                   | -                     | -                   | <u>12,505</u>               | <u>9,297</u>  | <u>(3,208)</u>              |   |  |  |
| <b>Jute</b>                                      |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Crescent Jute Products Ltd                       | 10                            | 500                 | -                         | -                   | -                     | 500                 | -                           | -             | -                           | -   | -  | 0.00   |
| <b>Leasing Companies</b>                         |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Orix Leasing Pakistan Limited                    | 10                            | 20,962              | -                         | -                   | 20,962                | -                   | -                           | -             | -                           | -   | -  | -  |
| <b>Leather &amp; Tanneries</b>                   |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Service Industries Limited                       | 10                            | 4,480               | 400                       | -                   | 50                    | 4,830               | 2,734                       | 1,704         | (1,030)                     | 0.40  | 0.40                                     | 0.00   |
| <b>Miscellaneous</b>                             |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Pakistan Services Limited                        | 10                            | 4,990               | 450                       | -                   | -                     | 5,440               | 5,189                       | 8,378         | 3,189                       | 1.98  | 1.96                                     | 0.00   |
| Shifa International Hospitals Limited            | 10                            | 8,104               | -                         | 162                 | 1,400                 | 6,866               | 1,475                       | 1,230         | (245)                       | 0.29  | 0.29                                     | 0.01   |
|  |                               |                     |                           |                     |                       |                     | <u>6,664</u>                | <u>9,608</u>  | <u>2,944</u>                |   |  |  |
| <b>Modarabas</b>                                 |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| First Habib Modaraba                             | 5                             | 39,000              | 1,500                     | -                   | -                     | 40,500              | 398                         | 379           | (19)                        | 0.09  | 0.09                                     | 0.03   |
| <b>Oil &amp; Gas Exploration Companies</b>       |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Mari Petroleum Company Limited                   | 10                            | 6,358               | 620                       | -                   | 80                    | 6,898               | 10,617                      | 12,001        | 1,384                       | 2.83  | 2.81                                     | 0.01   |
| Oil & Gas Development Company Limited (note 6.2) | 10                            | 153,837             | 15,700                    | -                   | 2,600                 | 166,937             | 15,666                      | 13,133        | (2,553)                     | 3.10  | 3.07                                     | 0.13   |
| Pakistan Oilfields Limited                       | 10                            | 30,884              | 3,200                     | -                   | 500                   | 33,584              | 13,189                      | 13,629        | 440                         | 3.22  | 3.19                                     | 0.03   |
| Pakistan Petroleum Limited                       | 10                            | 158,930             | 14,900                    | -                   | 1,300                 | 172,530             | 14,798                      | 11,648        | (3,150)                     | 2.75  | 2.72                                     | 0.14   |
|  |                               |                     |                           |                     |                       |                     | <u>54,290</u>               | <u>50,411</u> | <u>(3,879)</u>              |   |  |  |
| <b>Oil &amp; Gas Marketing Companies</b>         |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Attock Petroleum Limited                         | 10                            | 5,940               | 500                       | -                   | 50                    | 6,390               | 2,043                       | 2,053         | 10                          | 0.48  | 0.48                                     | 0.01   |
| Hasecol Petroleum Limited                        | 10                            | 141,047             | -                         | -                   | 141,047               | -                   | -                           | -             | -                           | -   | -  | -  |
| Pakistan State Oil Company Limited               | 10                            | 50,345              | 4,550                     | -                   | 500                   | 54,395              | 11,976                      | 9,347         | (2,629)                     | 2.21  | 2.19                                     | 0.04   |
| Sheil Pakistan Limited                           | 10                            | 12,702              | -                         | -                   | -                     | 12,702              | 2,225                       | 1,500         | (725)                       | 0.35  | 0.35                                     | 0.01   |
| Sui Northern Gas Pipelines Limited               | 10                            | 67,570              | 6,000                     | -                   | -                     | 73,570              | 3,456                       | 2,517         | (939)                       | 0.59  | 0.59                                     | 0.06   |
| Sui Southern Gas Company Limited                 | 10                            | 75,828              | 1,500                     | -                   | 77,328                | -                   | -                           | -             | -                           | -   | -  | -  |
|  |                               |                     |                           |                     |                       |                     | <u>19,700</u>               | <u>15,417</u> | <u>(4,283)</u>              |   |  |  |

| Name of investee company                         | Face value per share (Rupees) | As at July 01, 2021 | Purchases during the year | Bonus / right issue | Sales during the year | As at June 30, 2022 | Balance as at June 30, 2022 |               |                             | Market Value as a percentage of investments | Market value as percentage of net assets | Market Value as a Percentage of paid up capital of the investee company held |
|--|-------------------------------|---------------------|---------------------------|---------------------|-----------------------|---------------------|-----------------------------|---------------|-----------------------------|---|--|--|
|  |                               |                     |                           |                     |                       |                     | Carrying cost               | Market Value  | Appreciation / (diminution) |   |  |  |
| (Rupees in '000)                                 |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Number of shares / certificates                  |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| <b>Fully paid ordinary shares / certificates</b> |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| <b>Paper &amp; Board</b>                         |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Century Paper And Board Mills Limited            | 10                            | 14,700              | -                         | 2,190               | 100                   | 16,790              | 1,783                       | 1,038         | (745)                       | 0.25  | 0.24                                     | 0.01   |
| Packages Limited                                 | 10                            | 5,289               | 2,800                     | -                   | -                     | 8,089               | 4,009                       | 3,226         | (783)                       | 0.76  | 0.75                                     | 0.01   |
|  |                               |                     |                           |                     |                       |                     | <u>5,792</u>                | <u>4,264</u>  | <u>(1,528)</u>              |   |  |  |
| <b>Pharmaceuticals</b>                           |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Abbot Laboratories (Pakistan) Limited            | 10                            | 4,964               | 500                       | -                   | -                     | 5,464               | 4,281                       | 3,577         | (704)                       | 0.84  | 0.84                                     | 0.00   |
| AGP Limited                                      | 10                            | 19,876              | 1,500                     | -                   | -                     | 21,376              | 2,462                       | 1,873         | (589)                       | 0.44  | 0.44                                     | 0.02   |
| GlaxoSmithKline Pakistan Limited                 | 10                            | 12,373              | 1,000                     | -                   | 100                   | 13,273              | 2,154                       | 1,658         | (496)                       | 0.39  | 0.39                                     | 0.01   |
| Highnoon Laboratories Limited                    | 10                            | 3,619               | 600                       | 421                 | -                     | 4,640               | 2,542                       | 2,459         | (83)                        | 0.58  | 0.58                                     | 0.00   |
| The Searle Company Limited                       | 10                            | 25,687              | 2,050                     | 7,871               | 100                   | 35,508              | 6,509                       | 3,871         | (2,638)                     | 0.91  | 0.91                                     | 0.03   |
|  |                               |                     |                           |                     |                       |                     | <u>17,948</u>               | <u>13,438</u> | <u>(4,510)</u>              |   |  |  |
| <b>Power Generation &amp; Distribution</b>       |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| The Hub Power Company Limited                    | 10                            | 231,995             | 24,500                    | -                   | 4,900                 | 251,595             | 19,830                      | 17,151        | (2,679)                     | 4.05  | 4.01                                     | 0.20   |
| K-Electric Limited                               | 3.5                           | 662,648             | 60,000                    | -                   | -                     | 712,648             | 2,884                       | 2,166         | (718)                       | 0.51  | 0.51                                     | 0.57   |
| Kot Addu Power Company Limited                   | 10                            | 108,779             | 10,500                    | -                   | 500                   | 118,779             | 5,116                       | 3,270         | (1,846)                     | 0.77  | 0.76                                     | 0.10   |
|  |                               |                     |                           |                     |                       |                     | <u>27,830</u>               | <u>22,587</u> | <u>(5,243)</u>              |   |  |  |
| <b>Real Estate Investment Trust</b>              |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Dolmen City REIT                                 | 10                            | 129,500             | 13,500                    | -                   | -                     | 143,000             | 1,613                       | 1,933         | 320                         | 0.46  | 0.45                                     | 0.12   |
| <b>Refinery</b>                                  |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Attock Refinery Limited                          | 10                            | 10,173              | 1,000                     | -                   | 50                    | 11,123              | 2,760                       | 1,955         | (805)                       | 0.46  | 0.46                                     | 0.01   |
| Energyco Pk Limited                              | 10                            | 126,300             | 287,000                   | -                   | -                     | 413,300             | 3,814                       | 2,207         | (1,607)                     | 0.52  | 0.52                                     | 0.33   |
| National Refinery Limited                        | 10                            | 6,200               | 500                       | -                   | -                     | 6,700               | 3,368                       | 1,992         | (1,676)                     | 0.40  | 0.40                                     | 0.01   |
|  |                               |                     |                           |                     |                       |                     | <u>9,942</u>                | <u>5,854</u>  | <u>(4,088)</u>              |   |  |  |
| <b>Sugar &amp; Allied Industries</b>             |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| JDW Sugar Mills Limited                          | 10                            | 2,000               | 100                       | -                   | 2,100                 | 12,500              | 635                         | 500           | (135)                       | 0.12  | 0.12                                     | 0.01   |
| Shakarganj Limited                               | 10                            | -                   | 12,500                    | -                   | -                     | 12,500              | 635                         | 500           | (135)                       | 0.15  | 0.15                                     | 0.00   |
|  |                               |                     |                           |                     |                       |                     | <u>583</u>                  | <u>627</u>    | <u>44</u>                   |   |  |  |
| <b>Synthetics And Rayon</b>                      |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Ibrahim Fibres Limited                           | 10                            | 3,700               | -                         | -                   | 10                    | 3,690               | -                           | -             | -                           | 0.15  | 0.15                                     | 0.00   |
| <b>Technology &amp; Communication</b>            |                               |                     |                           |                     |                       |                     |                             |               |                             |   |  |  |
| Avanceon Limited                                 | 10                            | -                   | 31,100                    | 6,650               | 13,500                | 24,250              | 2,285                       | 1,889         | (396)                       | 0.45  | 0.44                                     | 0.02   |
| Pakistan Telecommunication Company Limited       | 10                            | 140,517             | -                         | -                   | -                     | 140,517             | 1,664                       | 978           | (686)                       | 0.23  | 0.23                                     | 0.11   |
| Systems Limited                                  | 10                            | 19,405              | 3,000                     | 21,055              | 700                   | 42,760              | 12,339                      | 14,105        | 1,766                       | 3.33  | 3.30                                     | 0.03   |
| TRG Pakistan Limited (note 6.3)                  | 10                            | 110,555             | 28,900                    | -                   | 18,500                | 120,955             | 18,293                      | 9,353         | (8,940)                     | 2.21  | 2.19                                     | 0.10   |
|  |                               |                     |                           |                     |                       |                     | <u>34,561</u>               | <u>26,325</u> | <u>(8,236)</u>              |   |  |  |

| Name of investee company                         | Face value per share (Rupees) | As at July 01, 2021 | Purchases during the year | Bonus / right issue | Sales during the year | As at June 30, 2022 | Balance as at June 30, 2022 |                 |                             | Market Value as a percentage of investments | Market value as percentage of net assets | Market Value as a Percentage of paid up capital of the investee company held |
|--|-------------------------------|---------------------|---------------------------|---------------------|-----------------------|---------------------|-----------------------------|-----------------|-----------------------------|---|--|--|
|  |                               |                     |                           |                     |                       |                     | Carrying cost               | Market Value    | Appreciation / (diminution) |   |  |  |
| (Rupees in '000)                                 |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Number of shares / certificates                  |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| <b>Fully paid ordinary shares / certificates</b> |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| <b>Textile Composite</b>                         |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Azgard Nine Limited                              | 10                            | 86,300              | -                         | -                   | -                     | 86,300              | 2,925                       | 887             | (2,038)                     | 0.21  | 0.21                                     | 0.07   |
| Feroze1888 Mills Limited                         | 10                            | 13,100              | -                         | 114                 | 13,514                | -                   | -                           | -               | -                           | -   | -  | -  |
| Feroze1888 Mills Limited-Letter Of Right         | 10                            | -                   | -                         | 690                 | 690                   | -                   | -                           | -               | -                           | -   | -  | -  |
| Gul Ahmed Textile Mills Limited                  | 10                            | 36,720              | -                         | 100                 | 100                   | 36,620              | 1,858                       | 1,238           | (620)                       | 0.29  | 0.29                                     | 0.03   |
| Interloop Limited                                | 10                            | 31,000              | 2,000                     | 930                 | 100                   | 33,930              | 2,319                       | 2,070           | (249)                       | 0.49  | 0.48                                     | 0.03   |
| Kohinoor Textile Mills Limited                   | 10                            | 53,095              | 300                       | -                   | 32,500                | 20,895              | 1,572                       | 1,045           | (527)                       | 0.25  | 0.24                                     | 0.02   |
| Nishat (Chunian) Limited                         | 10                            | 25,330              | 300                       | -                   | -                     | 25,630              | 1,290                       | 1,148           | (142)                       | 0.27  | 0.27                                     | 0.02   |
| Nishat Mills Limited                             | 10                            | 37,647              | 3,600                     | -                   | 200                   | 41,047              | 3,791                       | 3,034           | (757)                       | 0.72  | 0.71                                     | 0.03   |
|  |                               |                     |                           |                     |                       | <u>13,755</u>       | <u>9,422</u>                | <u>(4,333)</u>  |                             |   |  |  |
| <b>Textile Spinning</b>                          |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Gadcon Textile Mills Limited                     | 10                            | 2,000               | -                         | -                   | -                     | 2,000               | 517                         | 540             | 23                          | 0.13  | 0.13                                     | 0.00   |
| <b>Textile Weaving</b>                           |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Yousaf Weaving Mills Limited                     | 10                            | 15,500              | -                         | -                   | 6,000                 | 9,500               | 50                          | 47              | (3)                         | 0.01  | 0.01                                     | 0.01   |
| <b>Tobacco</b>                                   |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Pakistan Tobacco Company Limited                 | 10                            | 2,960               | 160                       | -                   | -                     | 3,120               | 4,450                       | 3,075           | (1,375)                     | 0.73  | 0.72                                     | 0.00   |
| <b>Transport</b>                                 |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Pakistan International Bulk Terminal Limited     | 10                            | 212,935             | -                         | -                   | 500                   | 212,435             | 2,418                       | 1,279           | (1,139)                     | 0.30  | 0.30                                     | 0.17   |
| <b>Vanaspati &amp; Allied Industries</b>         |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Punjab Oil Mills Limited                         | 10                            | 500                 | -                         | -                   | -                     | 500                 | 125                         | 89              | (36)                        | 0.02  | 0.02                                     | 0.00   |
| Unity Foods Limited                              | 10                            | 130,000             | 12,500                    | 12,071              | 35,100                | 119,471             | 4,949                       | 2,398           | (2,551)                     | 0.57  | 0.56                                     | 0.10   |
| Unity Foods Limited Letter of Right              | 10                            | -                   | -                         | 12,072              | 12,072                | -                   | -                           | -               | -                           | -   | -  | -  |
|  |                               |                     |                           |                     |                       | <u>5,074</u>        | <u>2,487</u>                | <u>(2,587)</u>  |                             |   |  |  |
| <b>Woollen</b>                                   |                               |                     |                           |                     |                       |                     |                             |                 |                             |   |  |  |
| Bannu Woollen Mills Limited                      | 10                            | 500                 | 500                       | -                   | -                     | 1,000               | 51                          | 30              | (21)                        | 0.01  | 0.01                                     | 0.00   |
| <b>Total as at June 30, 2022</b>                 |                               |                     |                           |                     |                       | <u>512,025</u>      | <u>423,649</u>              | <u>(88,376)</u> |                             |   |  |  |
| <b>Total as at June 30, 2021</b>                 |                               |                     |                           |                     |                       | <u>375,640</u>      | <u>478,242</u>              | <u>102,602</u>  |                             |   |  |  |

6.2 These include 100,000 shares of Oil and Gas Development Company Limited as pledged with National Clearing Company of Pakistan Limited as on June 30, 2022.

6.3 These investments held by the fund exceeded the maximum limit prescribed by the regulation 55(f) of the NBFC regulations. The said regulation states that the weight of the security invested into shall not exceed the weight of the security in the index or its subset. Arrangements have been made to adjust these investments with the weight prescribed in the NBFC regulations.

NA

|  |   | 2022                         | 2021                         |
|--|---|------------------------------|------------------------------|
|  | Note  | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| <b>6.4</b>                                       | <b>Net unrealised (loss) / gain on re-measurement of investment classified at 'fair value through profit or loss'</b> |                              |                              |
| Market value of investments                      | 6.1   | 423,649                      | 478,242                      |
| Carrying value of investments                    | 6.1   | (512,025)                    | (375,640)                    |
|  |   | <u>(88,376)</u>              | <u>102,602</u>               |
| <b>7.</b>  | <b>DIVIDEND AND PROFIT RECEIVABLE ON BANK DEPOSITS</b>  |                              |                              |
| Dividend receivables                             |   | 174                          | 2,163                        |
| Profit receivable on bank deposits               |   | 92                           | 37                           |
|  |   | <u>266</u>                   | <u>2,200</u>                 |
| <b>8.</b>  | <b>DEPOSITS AND OTHER RECEIVABLES</b>   |                              |                              |
| Security deposits                                |   |                              |                              |
| - National Clearing Company of Pakistan Limited  |   | 2,500                        | 2,500                        |
| - Central Depository Company of Pakistan Limited |   | 100                          | 100                          |
| Advance tax                                      | 8.1   | 66                           | 50                           |
|  |   | <u>2,666</u>                 | <u>2,650</u>                 |

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

|  |  | 2022                         | 2021                         |
|--|--|------------------------------|------------------------------|
|  | Note   | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| <b>9.</b>                                    | <b>PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b> |                              |                              |
| Management fee                               | 9.1  | 265                          | 302                          |
| Sindh sales tax on management fee            | 9.2  | 34                           | 39                           |
| Expenses allocated by the Management Company | 9.3  | 35                           | 118                          |
| Payable to Management Company                |  | -                            | 2                            |
| Federal excise duty on management fee        | 9.4  | 1,357                        | 1,357                        |
|  |  | <u>1,691</u>                 | <u>1,818</u>                 |

9.1 As per the offering document the Management Company has charged remuneration at the rate of 0.75% per annum (2021: 0.75%) of the average daily net assets. The remuneration is paid to the Management Company on a monthly basis in arrears.

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

9.3 The Management Company has charged expenses at the rate of 0.1% (2021: 0.1%) per annum of the average annual net assets of the Fund.

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9.4 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% (2021: 16%) on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

On June 30, 2016, the Sindh High Court had passed a judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 1.357 million (2021 : Rs. 1.357 million) until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at June 30, 2022 would have been higher by Re. 0.040 per unit (2021: Re. 0.041 per unit).

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

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

|  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|------|--------------------------------------|--------------------------------------|
| <b>10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b> |      |                                      |                                      |
| Trustee fees   | 10.1 | 71                                   | 84                                   |
| Sindh sales tax on trustee fee   | 10.2 | 9                                    | 11                                   |
|  |      | <u>80</u>                            | <u>95</u>                            |

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

**Net assets upto Rs. 1 billion**

0.2% per annum of the daily average net assets of the Fund.

**Net assets exceeding Rs. 1 billion**

Rs. 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion.

10.2 Sindh sales tax 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.

|  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|------|--------------------------------------|--------------------------------------|
| <b>11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b> |      |                                      |                                      |
| Annual fee payable to SECP   | 11.1 | <u>92</u>                            | <u>91</u>                            |

11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, All Collective Investment Schemes are required to pay annual fee at an amount equal to 0.02% (2021: 0.02%) of the daily average annual net assets of the scheme. The fee is payable annually in arrears.

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|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021         |
|---|------|--------------------------------------|--------------|
| <b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b> |      |                                      |              |
| Auditor's remuneration                            |      | 283                                  | 262          |
| Brokerage payable                                 |      | 18                                   | 19           |
| Withholding tax payable                           |      | 21                                   | 422          |
| Sindh Workers Welfare Fund payable                | 12.1 | -                                    | 4,814        |
| Printing charges payable                          |      | 150                                  | 150          |
| Others  |      | 3,195                                | 218          |
|   |      | <u>3,667</u>                         | <u>5,885</u> |

**12.1 Sindh Workers Welfare Fund**

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 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 recognised in respect of SWWF amounting to Rs. 4.814 million.

**13. CONTINGENCIES AND COMMITMENTS**

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

|  | 2022<br>----- (Numbers) ----- | 2021              |
|--|-------------------------------|-------------------|
| <b>14. NUMBER OF UNITS IN ISSUE</b>                |                               |                   |
| Opening units in issue                             | 33,455,976                    | 34,876,145        |
| Units issued during the year                       | 2,040,979                     | 3,058,623         |
| Less: Units redeemed                               | (1,487,752)                   | (4,478,792)       |
| <b>Total units in issue at the end of the year</b> | <u>34,009,203</u>             | <u>33,455,976</u> |

**15. TOTAL EXPENSE RATIO**

The total expense ratio of the Fund is 1.50% (2021: 2.01%) which includes 0.17% (2021: 0.75%) representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a Collective Scheme categorised as a "Index Scheme".

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|                                   | 2022                         | 2021 |
|-----------------------------------|------------------------------|------|
|                                   | ----- (Rupees in '000) ----- |      |
| <b>16. AUDITOR'S REMUNERATION</b> |                              |      |
| Annual audit fee                  | 193                          | 175  |
| Half yearly fee                   | 55                           | 50   |
| Income certification              | 30                           | 30   |
| Other certification               | 20                           | 20   |
| Out of pocket                     | 25                           | 22   |
|                                   | 322                          | 297  |
| Sindh sales tax                   | 26                           | 24   |
|                                   | 348                          | 321  |

**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 not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute atleast 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The fund has not distributed any amount for the year ended June 30, 2022 being whole of the accounting income available for distribution pertaining to capital gain (realised or unrealised) and accordingly, no provision in respect of taxation has been made 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. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

|  | 2022                         | 2021  |
|--|------------------------------|-------|
|  | ----- (Rupees in '000) ----- |       |
| <b>19.1 Details of transactions with connected persons / related parties during the year</b> |                              |       |
| <b>AKD Investment Management Limited - Management Company of the Fund</b>                    |                              |       |
| Remuneration for the year  | 3,458                        | 3,416 |
| Sindh sales tax on Management Company's remuneration   | 450                          | 444   |
| Allocated expenses by the management company   | 460                          | 455   |
| Sales load   | 7                            | 2     |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>                              |                              |       |
| Trustee Fee  | 919                          | 911   |
| Central Depository Service charges   | 11                           | 12    |
| Sindh sales tax on Trustee Fee   | 121                          | 120   |

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

**AKD Securities Limited - Brokerage House**

Commission paid on purchase and sale of marketable securities

19                      4

**National Bank of Pakistan Employees Pension Fund**

(having invested more than 10% in the units of the Fund)

Units issued : Nil (2021: 1,312,136)

-                      18,882

Dividend paid

-                      18,882

**19.2 Balances outstanding at year end**

**AKD Investment Management Limited - Management Company of the Fund**

Remuneration payable

265                      302

Allocated expenses by management company payable

35                      117

Other payable

-                      1

Sindh sales tax payable on Management Company's remuneration

34                      39

Federal Excise Duty payable on Management Company's remuneration

1,357                      1,357

Sales load payable

3                      2

**Central Depository Company of Pakistan - Trustee**

Remuneration payable

71                      84

Security deposit

100                      100

CDS charges payable

1                      1

Sales tax on trustee Fee payable

9                      11

**Mr. Aqeel Karim Dhedhi - Chairman of the Group**

Number of units outstanding : 390 (2021 : 390)

5                      6

**National Bank of Pakistan Employees Pension Fund**

(having invested more than 10% in the units of the Fund)

Number of units outstanding : 31,210,812

(2021 : 31,210,812)

392,410                      446,832

**20. FINANCIAL INSTRUMENTS BY CATEGORY**

As at June 30, 2022 and June 30, 2021, the financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

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

**Financial Assets**

**At fair value thorough profit or loss**

Investments

423,649                      478,242

**At amortised cost**

Bank balances

10,272                      7,500

Dividend and profit receivable on bank deposits

266                      2,200

Deposits

2,600                      2,600

436,787                      490,542

**Financial Liabilities**

**At amortised cost**

Payable to AKD Investment Management Limited - Management Company

1,691                      1,818

Payable to Central Depository Company of Pakistan Limited - Trustee

80                      95

Accrued expenses and other liabilities

3,646                      649

Dividend payable

3,728                      3,728

9,145                      6,290

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## 21. 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, interest rate and other price risk), credit risk and liquidity risk. Risks of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provides broad guidelines for management of above mentioned risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

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

### 21.1 Market risk

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

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

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

#### 21.1.1 Currency risk

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

#### 21.1.2 Yield / interest rate risk

Interest 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 interest rates. As of June 30, 2022, the Fund is exposed to fair value interest rate risk on its bank balances.

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

At the reporting date the Fund has balances in saving bank accounts on which profit rate is 7.75% that could expose the Fund to cash flow interest rate risk. The net loss for the year would have increased / (decreased) by Rs. 0.099 million (2021: Rs.0.071 million) had the interest rates on profit and loss sharing accounts accounts with the banks increased / (decreased) by 100 basis points.

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

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

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**Exposure to interest rate risk and maturity**

Interest 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.

| Particulars   | As at June 30, 2022           |  |                                   |                | Total          |
|---|-------------------------------|--|-----------------------------------|----------------|----------------|
|   | Exposed to interest rate risk |  | Not exposed to interest rate risk |                |                |
|   | Upto three months             | More than three months and upto one year | More than one year                |                |                |
|   | (Rupees in '000)              |  |                                   |                |                |
|   | %                             |  |                                   |                |                |
| <b>On-balance sheet financial instruments</b>                       |                               |  |                                   |                |                |
| <b>Financial assets at fair value through profit or loss</b>        |                               |  |                                   |                |                |
| Investments   | -                             | -  | -                                 | 423,649        | 423,649        |
| <b>Financial assets at amortised cost</b>                           |                               |  |                                   |                |                |
| Bank balances   | 9,883                         | -  | -                                 | 389            | 10,272         |
| Dividend and profit receivable on bank deposits                     | -                             | -  | -                                 | 266            | 266            |
| Deposits  | -                             | -  | -                                 | 2,600          | 2,600          |
|   | 9,883                         | -  | -                                 | 3,255          | 13,138         |
| <b>Sub total</b>  | <b>9,883</b>                  | <b>-</b>                                 | <b>-</b>                          | <b>426,904</b> | <b>436,787</b> |
| <b>Financial liabilities at amortised cost</b>                      |                               |  |                                   |                |                |
| Payable to AKD Investment Management Limited - Management Company   | -                             | -  | -                                 | 1,691          | 1,691          |
| Payable to Central Depository Company of Pakistan Limited - Trustee | -                             | -  | -                                 | 80             | 80             |
| Accrued expenses and other liabilities                              | -                             | -  | -                                 | 3,646          | 3,646          |
| Dividend payable  | -                             | -  | -                                 | 3,728          | 3,728          |
| <b>Sub total</b>  | <b>-</b>                      | <b>-</b>                                 | <b>-</b>                          | <b>9,145</b>   | <b>9,145</b>   |
| <b>On-balance sheet gap</b>   | <b>9,883</b>                  | <b>-</b>                                 | <b>-</b>                          | <b>417,759</b> | <b>427,642</b> |
| <b>Total interest rate sensitivity gap</b>                          | <b>9,883</b>                  | <b>-</b>                                 | <b>-</b>                          | <b>417,759</b> | <b>417,759</b> |

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As at June 30, 2021

| Particulars | Effective interest rate | Exposed to interest rate risk |  |                    | Not exposed to interest 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                                     | -   | -     | - | - | 478,242 | 478,242 |
| <b>Financial assets at amortised cost</b>       |     |       |   |   |         |         |
| Bank balances                                   | 5.5 | 7,111 | - | - | 389     | 7,500   |
| Dividend and profit receivable on bank deposits |     | -     | - | - | 2,200   | 2,200   |
| Deposits  |     | -     | - | - | 2,600   | 2,600   |
|   |     | 7,111 | - | - | 5,189   | 12,300  |
| <b>Sub total</b>                                |     | 7,111 | - | - | 483,431 | 490,542 |

**Financial liabilities at amortised cost**

**Payable to AKD Investment Management Limited - Management Company**

**Payable to Central Depository Company of Pakistan Limited - Trustee**

**Accrued expenses and other liabilities**

**Dividend payable**

**Sub total**

**On-balance sheet gap**

**Total interest rate sensitivity gap**

|  |       |   |   |   |         |         |
|--|-------|---|---|---|---------|---------|
|  | -     | - | - | - | 1,818   | 1,818   |
|  | -     | - | - | - | 95      | 95      |
|  | -     | - | - | - | 649     | 649     |
|  | -     | - | - | - | 3,728   | 3,728   |
|  | -     | - | - | - | 6,290   | 6,290   |
|  | 7,111 | - | - | - | 477,141 | 484,252 |
|  | 7,111 | - | - | - | 477,141 | 477,141 |

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### 21.1.3 Price risk

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

The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sectors and benchmarking the sector weighting to that of the KSE 100 Index. The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

| Sector wise portfolio                    | As at June 30, 2022     |                             |
|--|-------------------------|-----------------------------|
|  | Fund's equity portfolio | KSE-100 benchmark portfolio |
|  | -----%                  |                             |
| Automobile Assembler                     | 4.35                    | 4.41                        |
| Automobile Parts & Accessories           | 0.65                    | 0.66                        |
| Cable & Electrical Goods                 | 0.40                    | 0.41                        |
| Cement                                   | 6.97                    | 6.99                        |
| Chemical                                 | 3.90                    | 3.96                        |
| Close - End Mutual Fund                  | 0.08                    | 0.08                        |
| Commercial Banks                         | 21.03                   | 21.05                       |
| Engineering                              | 1.49                    | 1.51                        |
| Fertilizer                               | 14.06                   | 14.11                       |
| Food & Personal Care Products            | 2.50                    | 2.61                        |
| Glass & Ceramics                         | 0.92                    | 0.97                        |
| Insurance                                | 1.09                    | 1.11                        |
| Inv. Banks / inv. Cos. / securities cos. | 2.17                    | 2.19                        |
| Leather & Tanneries                      | 0.40                    | 0.40                        |
| Miscellaneous                            | 2.25                    | 2.28                        |
| Modarabas                                | 0.09                    | 0.10                        |
| Oil & Gas Exploration Companies          | 11.79                   | 11.80                       |
| Oil & Gas Marketing Companies            | 3.61                    | 3.66                        |
| Paper & Board                            | 1.00                    | 1.02                        |
| Pharmaceuticals                          | 3.14                    | 3.21                        |
| Power Generation & Distribution          | 5.28                    | 5.29                        |
| Property                                 | 0.29                    | 0.29                        |
| Real Estate Investment Trust             | 0.45                    | 0.46                        |
| Refinery                                 | 1.37                    | 1.37                        |
| Sugar & Allied Industries                | 0.12                    | 0.14                        |
| Synthetic & Rayon                        | 0.15                    | 0.16                        |
| Technology & Communication               | 6.16                    | 6.19                        |
| Textile Composite                        | 2.20                    | 2.31                        |
| Textile Spinning                         | 0.13                    | 0.14                        |
| Textile Weaving                          | 0.01                    | 0.01                        |
| Tobacco                                  | 0.72                    | 0.75                        |
| Transport                                | 0.30                    | 0.33                        |
| Vanaspati & Allied industries            | 0.02                    | 0.02                        |
| Woollen                                  | 0.01                    | 0.01                        |

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| Sector wise portfolio                    | As at June 30, 2021     |                             |
|--|-------------------------|-----------------------------|
|  | Fund's equity portfolio | KSE-100 benchmark portfolio |
|  | -----%                  |                             |
| Automobile Assembler                     | 3.50                    | 3.51                        |
| Automobile Parts & Accessories           | 0.92                    | 0.94                        |
| Cable & Electrical Goods                 | 0.43                    | 0.43                        |
| Cement                                   | 10.57                   | 10.55                       |
| Chemicals                                | 2.65                    | 2.66                        |
| Close-end mutual fund                    | 0.10                    | 0.11                        |
| Commercial Banks                         | 20.50                   | 20.45                       |
| Engineering                              | 1.47                    | 1.47                        |
| Fertilizer                               | 11.49                   | 11.47                       |
| Food & Personal Care Products            | 2.07                    | 2.09                        |
| Glass & Ceramics                         | 0.60                    | 0.60                        |
| Insurance                                | 1.53                    | 1.56                        |
| Inv. Banks / inv. Cos. / securities cos. | 2.46                    | 2.46                        |
| Jute                                     | 0.00                    | -                           |
| Leasing Companies                        | 0.11                    | 0.11                        |
| Leather & Tannaries                      | 0.55                    | 0.55                        |
| Miscellaneous                            | 1.31                    | 1.32                        |
| Modarabas                                | 0.08                    | 0.08                        |
| Oil & Gas Exploration Companies          | 10.51                   | 10.48                       |
| Oil & Gas Marketing Companies            | 4.39                    | 4.39                        |
| Paper and Board                          | 0.98                    | 0.61                        |
| Pharmaceuticals                          | 3.50                    | 3.50                        |
| Power Generation & Distribution          | 5.44                    | 5.43                        |
| Real Estate Investment Trust             | 0.30                    | 0.30                        |
| Refinery                                 | 1.53                    | 1.53                        |
| Sugar & Allied Industries                | 0.09                    | 0.10                        |
| Synthetic & Rayon                        | 0.12                    | 0.12                        |
| Technology & Communication               | 6.47                    | 6.45                        |
| Textile Composite                        | 3.57                    | 3.58                        |
| Textile Spinning                         | 0.11                    | 0.11                        |
| Textile Weaving                          | 0.02                    | 0.02                        |
| Tobacco                                  | 0.89                    | 0.90                        |
| Transport                                | 0.51                    | 0.50                        |
| Vanaspati & Allied Industries            | 1.24                    | 1.21                        |
| Woollen                                  | 0.01                    | 0.01                        |

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

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

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

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|  | 2022<br>----- (Rupees in '000') ----- | 2021          |
|--|---------------------------------------|---------------|
| <b>Effect due to increase / decrease</b> |                                       |               |
| Investment and net assets                | <u>21,182</u>                         | <u>23,912</u> |
| Income statement                         | <u>21,182</u>                         | <u>23,912</u> |

## 21.2 Credit risk

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

### Management of credit risk

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

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

|   | 2022  |                     | 2021  |                     |
|---|---|---------------------|---|---------------------|
|   | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure |
|   | ----- (Rupees in '000) -----                                |                     |   |                     |
| Balances with banks                             | 10,272  | 10,272              | 7,500   | 7,500               |
| Dividend and profit receivable on bank deposits | 266   | 266                 | 2,200   | 2,200               |
| Security deposits                               | 2,600   | 2,600               | 2,600   | 2,600               |
|   | <u>13,138</u>   | <u>13,138</u>       | <u>12,300</u>   | <u>12,300</u>       |

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

| Bank balances by<br>rating category | Rating Agency | 2022            |               | 2021            |               |
|-------------------------------------|---------------|-----------------|---------------|-----------------|---------------|
|                                     |               | Rupees in '000' | %             | Rupees in '000' | %             |
| AA+/A1+                             | PACRA         | 7,598           | 73.97         | 6,750           | 90.00         |
| AA/A1+                              | PACRA         | 2,549           | 24.82         | 634             | 8.46          |
| AAA/A-1+                            | VIS           | 65              | 0.64          | 57              | 0.76          |
| AAA/A1+                             | PACRA         | 59              | 0.57          | 59              | 0.78          |
|                                     |               | <u>10,272</u>   | <u>100.00</u> | <u>7,500</u>    | <u>100.00</u> |

### Profit receivable on bank deposits

|         |       |    |      |    |      |
|---------|-------|----|------|----|------|
| AA+/A1+ | PACRA | 92 | 100% | 37 | 100% |
|---------|-------|----|------|----|------|

Above ratings are on the basis of available ratings assigned by PACRA and VIS 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 bank is highly regulated by the State Bank of Pakistan. Accordingly, Fund estimates that loss allowance on balance with bank at the end of the reporting period at an amount equal to 12 month Expected Credit Loss (ECL). None of the balance with bank 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 bank, 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 equity securities which are diversified and relate to various sectors. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

#### Settlement risk

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

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

### 21.3 Liquidity risk

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

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

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

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

|   | As at June 30, 2022 |                          |                             |                        | Total        |
|---|---------------------|--------------------------|-----------------------------|------------------------|--------------|
|   | Within one month    | Over one to three months | Over three to twelve months | Over one to five years |              |
| ----- Rupees in '000 -----  |                     |                          |                             |                        |              |
| <b>Financial liabilities (excluding unit holders fund)</b>          |                     |                          |                             |                        |              |
| Payable to AKD Investment Management Limited - Management Company   | 1,691               | -                        | -                           | -                      | 1,691        |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 80                  | -                        | -                           | -                      | 80           |
| Accrued expenses and other liabilities                              | 3,646               | -                        | -                           | -                      | 3,646        |
| Dividend payable  | 3,728               | -                        | -                           | -                      | 3,728        |
|   | <b>9,145</b>        | -                        | -                           | -                      | <b>9,145</b> |

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As at June 30, 2021

|   | Within one month | Over one to three months | Over three to twelve months | Over one to five years | Total        |
|---|------------------|--------------------------|-----------------------------|------------------------|--------------|
| ----- Rupees in '000 -----  |                  |                          |                             |                        |              |
| <b>Financial liabilities</b>  |                  |                          |                             |                        |              |
| <b>(excluding unit holders fund)</b>                                |                  |                          |                             |                        |              |
| Payable to AKD Investment Management Limited - Management Company   | 1,818            | -                        | -                           | -                      | 1,818        |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 95               | -                        | -                           | -                      | 95           |
| Accrued expenses and other liabilities                              | 649              | -                        | -                           | -                      | 649          |
| Dividend payable  | 3,728            | -                        | -                           | -                      | 3,728        |
|   | <u>6,290</u>     | <u>-</u>                 | <u>-</u>                    | <u>-</u>               | <u>6,290</u> |

## 22. UNIT HOLDERS' FUND (UHF) RISK MANAGEMENT

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

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

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

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

## 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other 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.

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

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

|                            | 2022           |          |          |                |
|----------------------------|----------------|----------|----------|----------------|
|                            | Level 1        | Level 2  | Level 3  | Total          |
| ----- Rupees in '000 ----- |                |          |          |                |
| Assets                     |                |          |          |                |
| Listed equity securities   | <u>423,649</u> | <u>-</u> | <u>-</u> | <u>423,649</u> |

|                            | 2021           |          |          |                |
|----------------------------|----------------|----------|----------|----------------|
|                            | Level 1        | Level 2  | Level 3  | Total          |
| ----- Rupees in '000 ----- |                |          |          |                |
| Assets                     |                |          |          |                |
| Listed equity securities   | <u>478,242</u> | <u>-</u> | <u>-</u> | <u>478,242</u> |

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

#### 24. TRANSACTIONS WITH BROKERS / DEALERS

List of brokers by percentage of commission charged during the year ended June 30, 2022

| S.No | Particulars                                      | Percentage |
|------|--|------------|
| 1    | Aba Ali Habib Securities (Private) Limited       | 17.36%     |
| 2    | Spectrum Securities Limited                      | 17.16%     |
| 3    | Vector Securities (Private) Limited              | 16.19%     |
| 4    | Topline Securities (Private) Limited             | 14.57%     |
| 5    | AKD Securities Limited                           | 14.23%     |
| 6    | Next Capital Limited                             | 10.84%     |
| 7    | Investment Managers Securities (Private) Limited | 3.74%      |
| 8    | Creative Capital Securities (Private) Limited    | 2.48%      |
| 9    | Ghani Osman Securities (Private) Limited         | 2.43%      |
| 10   | FDM Capital Securities (Private) Limited         | 0.50%      |

List of brokers by percentage of commission charged during the year ended June 30, 2021

| S.No | Particulars                               | Percentage |
|------|---|------------|
| 1    | Ghani Osman Securities (Private) Limited  | 13.96%     |
| 2    | Topline Securities (Private) Limited      | 9.47%      |
| 3    | AKIK Capital (Private) Limited            | 9.24%      |
| 4    | Sherman Securities (Private) Limited      | 9.05%      |
| 5    | Summit Capital (Private) Limited          | 5.88%      |
| 6    | BMA Capital Management Limited            | 5.82%      |
| 7    | Next Capital Limited                      | 4.71%      |
| 8    | Shajar Capital Pakistan (Private) Limited | 4.60%      |
| 9    | Investment Managers Sec (Private) Limited | 4.55%      |
| 10   | Vector Securities (Private) Limited       | 4.28%      |

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25. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

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

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

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

26. PATTERN OF UNIT HOLDING

| As at June 30, 2022 |              |                      |                  |
|---------------------|--------------|----------------------|------------------|
|                     | Unit Holders | Number of units held | % of total units |
| Individuals         | 642          | 1,790,780            | 5.27%            |
| Retirement Funds    | 1            | 31,210,812           | 91.77%           |
| Corporates          | 5            | 31,931               | 0.09%            |
| Others              | 3            | 975,680              | 2.87%            |
|                     | <b>651</b>   | <b>34,009,203</b>    | <b>100%</b>      |

| As at June 30, 2021 |              |                      |                  |
|---------------------|--------------|----------------------|------------------|
|                     | Unit Holders | Number of units held | % of total units |
| Individuals         | 645          | 1,681,043            | 5.02%            |
| Retirement Funds    | 1            | 31,210,812           | 93.30%           |
| Corporates          | 1            | 17,740               | 0.05%            |
| Others              | 6            | 546,381              | 1.63%            |
|                     | <b>653</b>   | <b>33,455,976</b>    | <b>100%</b>      |

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 :

|   | 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        | -             | -                    |

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28. GENERAL

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

28.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

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.

For AKD Investment Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**AKD INDEX TRACKER FUND  
PERFORMANCE TABLE**

|  | 2022     | 2021    | 2020    |
|--|----------|---------|---------|
| Total net assets value (Rs '000)*                              | 427,595  | 478,975 | 387,307 |
| Net assets value per unit - (Rs)*                              | 12.57    | 14.32   | 11.11   |
| Selling price as at June 30 (Rs)*                              | 12.70    | 14.46   | 11.22   |
| Repurchase price as at June 30 (Rs)*                           | 12.57    | 14.31   | 11.10   |
| Highest selling price (Rs)                                     | 14.81    | 15.53   | 14.10   |
| Lowest selling price (Rs)                                      | 12.50    | 11.37   | 8.96    |
| Highest repurchase price (Rs)                                  | 14.65    | 15.37   | 13.95   |
| Lowest repurchase price (Rs)                                   | 12.37    | 11.25   | 8.86    |
| <b>Return of the Fund</b>                                      |          |         |         |
| - capital growth (Rs '000)                                     | (51,380) | 91,668  | 16,517  |
| - income distribution (including refund of capital) (Rs '000)* | -        | 20,287  | -       |
| <b>Distribution per unit (Rs.)</b>                             |          |         |         |
| Interim  | -        | 0.63    | -       |
| - Gross (2021: Announced on June 30, 2021)                     |          |         |         |
| Final  | -        | -       | -       |
| <b>Average Annual Return (Percentage)</b>                      |          |         |         |
| - Last one year  | -12.18   | 34.58   | -0.19   |
| - Last two year  | 8.71     | 15.90   | -10.65  |
| - Last three year  | 5.66     | 2.42    | -11.05  |

\* Final distributions for the year 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 Index Tracker Fund**  
**Proxy details issued by Fund**  
**For the year ended June 30, 2022**

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

During the year, the Management Company on behalf of the Fund participated in 5 shareholders' meetings. Moreover, details of summarized proxies voted are as follows:

| AKDITF  | Resolutions | For | Against | Abstain | Reason for Abstaining |
|---------|-------------|-----|---------|---------|-----------------------|
| Number  | 14          | 14  | 0       | 0       | -                     |
| (%ages) | 100         | 100 | 0       | 0       | -                     |

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



**AKD Investment  
Management Ltd.**

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

**Gulshan-e-Iqbal Branch:**

Bungalow No. FL-3/12,  
Ground Floor Block No. 5, KDA,  
Scheme No. 24, Gulshan-e-Iqbal, Karachi.  
Contact # 92-21-34823003-7

**Abbottabad Branch:**

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

**Lahore Branch:**

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

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