

Quarterly Report

September 30, 2022

(un-audited)



Funds Managed by:
AKD Investment Management Ltd

Partner with AKD
Profit form 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 first quarter report along with the Funds' unaudited Financial Statements for the quarter ended September 30, 2022.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY23, the return of AKD Opportunity Fund stood at 2.67% compared to the benchmark KSE-100 Index return of -0.99%.

Golden Arrow Stock Fund (GASF)

For the 1QFY23, the return of Golden Arrow Stock Fund stood at 2.46% compared to the benchmark KSE-100 Index return of -0.99%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY23, the return of AKD Islamic Stock Fund stood at -3.87% compared to the benchmark KMI-30 Index return of -1.90%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY23, the return of AKD Index Tracker Fund stood at -1.25% compared to the benchmark KSE-100 Index return of -0.99%.

AKD Cash Fund (AKDCF)

For the 1QFY23, the annualized return of AKD Cash Fund stood at 14.29% compared to the benchmark return of 14.62%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY23, the annualized return of AKD Islamic Income Fund stood at 14.26% compared to the benchmark return of 4.66%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY23, the annualized return of AKD Aggressive Income Fund stood at 5.70% as compared to the benchmark return of 16.25%.

MACRO PERSPECTIVE

The global economy is facing indeed difficult times with growing international tensions between powerful nations after the invasion of Russia in Ukraine leading to a substantial surge in fuel related commodity prices and unprecedented inflationary pressures. According to the World Bank, one risk of such inflationary pressures is a decrease in growth rates which is reminiscent of stagflation in the 1970s which compelled them to make a downward revision in their global growth estimates to 3% in FY23. Pakistan is no exception and not immune to the economic and geo-political turmoil the world is experiencing.

The Monetary Policy Committee (MPC) opting for monetary tightening measures since last year have gained traction given the deceleration in economic activity coupled with containing the Current Account Deficit (CAD) and Consumer Price Index (CPI) in recent times. Factoring the supply shock impact on food prices due to recent floods and its spillover impact into broader prices in the economy, the MPC kept the policy rate unchanged at 15% in its last meeting held on October 10, 2022. That said, an additional impetus to further slowdown the economy given the aftermath of the floods cannot be ruled out, and hence this may dictate the MPC stance going forward. Consequently, we expect, flood-induced damages to bring down the GDP growth to 1.5-2.0% in FY23.

During 1QFY23, the CAD narrowed to USD 2.21 billion as compared to USD 3.53 billion during the same period last year, down 37.41% YoY. This was primarily driven by the 5.31% YoY surge in exports which propelled to USD 9.29 billion against USD 8.82 billion during 1QFY22, while imports were contained at USD 18.36 billion as compared to USD 19.89 billion in SPLY, shrinking -7.70% YoY. The overseas workers' remittances recorded a decline of -6.27% YoY to clock in at USD 7.69 billion during the 1QFY23. The potential threat of recession and its subsequent impact on commodity prices is likely to provide respite to the additional import pressure resulting from the floods. Hence, we expect the CAD to reach USD 11.5 billion (3% of GDP) this fiscal year. The Government's continued efforts to attract investments from Non-Resident Pakistanis also paid off, with an impressive inflow of USD 5.15 billion through Roshan Digital Accounts (RDA) from more than 470,000 accounts till September 2022.

Moreover, the FBR collected revenues worth PKR 1.64 trillion during 1QFY23 exceeding the target of PKR 1.61 trillion, PKR 27 billion higher than the target because of a 41% increase in direct tax during the quarter. The FBR has managed to accomplish its targets despite the import compression and no imposition of sales tax on petroleum products is commendable.

During the quarter under review, Pakistan's liquid foreign exchange reserves decreased by USD 1.95 billion despite the Country receiving USD 1.10 billion from the IMF EEF facility. As of September 30, 2022, the Country's liquid foreign exchange reserves stood at USD 13.59 billion.

As per the Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) during 1QFY23 was recorded at 25.11% YoY as compared to 8.58% YoY recorded during 1QFY22 primarily due

to higher food prices given the flood-induced supply chain disruptions coupled with higher electricity and fuel prices. Moreover, the CPI reading for September 2022 eased to 23.2% YoY as compared to 27.3% in August 2022 on the back of a 17.66% MoM decline in the Housing Index which accounts for 23.63% weight in the overall CPI basket. Given the global recessionary fears, it is likely any easing in global commodity prices will be offset by the increasing food prices due to the floods.

The Large Scale Manufacturing Index for the month of August 2022 posted a decline of -0.4% YoY as compared to August 2021 owing primarily to demand contraction in a high inflation and interest rate environment. During the period under review, major contributions towards the decline came from food, Pharmaceuticals, petroleum products, non-metallic minerals, and tobacco. Contrary to that, sectors that contributed to growth included Wearing Apparel, Furniture, iron & steel, chemical products, and other manufacturing sectors.

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 Equity Market witnessed a volatile first quarter during FY23 on the back of a series of economic and political developments that kept the participants' confidence levels troubled. The Government's success to secure the IMF program fueled investors' sentiment on one side, whereas on the other hand, elevated political uncertainty and steadfast currency devaluation in the wake of depleting FX reserves offset prospects of a rally. Furthermore, the devastating floods that hit most areas of Pakistan are reportedly estimated to cost the economy around USD 30 billion making an already difficult economic situation much worse. However, the expectations of healthy inflows in the form of aid and grants from global lending Institutions such as the World Bank, Asian Development Bank, Asian Infrastructure Investment Bank with some Pak friendly Countries provided some respite to the market participants closing the quarter at 41,128.67 points (-0.99%QoQ / -8.40%YoY). In USD terms, the market declined by a whopping 11.22% as local currency depreciated by 10.33%.

The average daily turnover shrank by -47.24% YoY to 217.47 million shares during 1QFY23 as compared to 412.17 million in the corresponding period last year. However, comparing the volumes with 4QFY22, the average daily turnover displayed a decline of -12.82%.

Interestingly, it was encouraging to note foreigners were net buyers amounting to USD 16.70 million. Individuals, Other Organizations, and Banks / DFIs reported buying of USD 22.97 million, USD 10.32 million, and USD 9.23 million, respectively. Whereas, Insurance Companies and Mutual Funds were net sellers with net outflows of USD 41.44 million and USD 35.22 million, respectively.

The sectors that took a toll on the KSE-100 index included Oil & Gas Exploration (-7.89%), Fertilizer (-7.89%), Commercial Banks (-3.40%), Automobile Assembler (-10.55%) and Tobacco (-10.36%). However, some breather was provided by Technology & Communication (14.31%), Cement (6.02%), Investment Banks (9.70%), Transport (10.54%) and Synthetic & Rayon (7.02%).

During the quarter, we have seen a very strong correlation between the Equity market and the appreciation of the local currency. Being an import dependent economy with significant debt levels, any devaluation in the local currency not only increases the import bill or debt servicing expenses, but also damages the country's outlook in the eyes of prospective lenders and investors which in turn leads to potential risks of default.

We believe that the worst has already been priced in the Equity Market. In terms of valuation, the KSE-100 Index is attractively priced at a Price to Earnings multiple of 4.32x, which is trading at a 51.39% discount as compared to MSCI Frontier Markets P/E of 8.89x and offering a healthy dividend yield of 9.42% still illustrating a compelling case to invest.

MONEY MARKET REVIEW

During 1QFY23, six (6) Market Treasury Bill (MTB) auctions were carried out by the State Bank of Pakistan, where the government managed to raise PKR 4.79 trillion against the auction target of PKR 4.95 trillion. The weighted average yield of 3, 6 and 12 months MTB were 15.64%, 15.65% and 15.77% respectively, up by 8.37%, 8.12% and 8.11% as compared to 7.27%, 7.53% and 7.65% same period last year.

To further address the need for liquidity, SBP also conducted three (3) auctions of fixed rate Pakistan Investment Bond (PIB) and was successful in raising PKR 687.04 billion. The weighted average yield for 3, 5 and 10 year PIBs increased by 5.14%, 4.12% and 3.18% to 13.92%, 13.30% and 13.01% respectively, as compared to 8.78%, 9.18% and 9.84% same period last year.

The Monetary Policy Committee (MPC) announced two (2) Monetary Policy Statements during 1QFY23, increasing the policy rate by 125 basis points to 15.00% to address inflationary pressure and contain risk to external stability. Furthermore, SBP conducted 30 Open Market Operations (OMO) of different

maturities and injected an average amount of PKR 417.35 billion at an average cut off yield of 15.10% and mopped-up the average amount of PKR 432.87 billion at an average cut off yield of 14.93%.

As per the auction target calendar for October – December 2022, the SBP targets to raise PKR 5.85 trillion by issuing 3 to 12 months tenor MTB against the maturing amount of PKR 5.56 trillion. In addition, SBP also targets to raise PKR 525 billion through 3 to 30 years tenor fixed rate PIB and PKR 840 billion through 2 to 10 years floating rate PIB.

FUTURE OUTLOOK

The last two years have reshaped the direction of the world following the Covid-19 pandemic as countries scrambled to cope with human mortalities versus economic activity, which resulted in unprecedented trade disruptions and triggered a super commodity price cycle. Then, Russia's invasion of Ukraine and geopolitical tensions rise with US imposing sanctions on Russia on the back of which power related commodity prices further skyrocketed as G2G trade disruptions were inevitable. The current global economic scenario is analogous to that of the 1970s post-recession. Central banks around the world have shifted from a growth oriented stance to monetary tightening and inflation control objectives.

While international rating agencies continue to downgrade Pakistan's credit ratings and outlook one after another, the positive news on the FATF front is expected to bode well for the country's image. Prior to the announcement of the FATF decision, the equity market incorporated the positive effect. However, going forward, the more dominant economic and political themes will play a significant role in determining market sentiment.

Pakistan's ninth review under IMF's Extended Fund Facility (EFF) program is expected to start in November 2022. As of now, Pakistan has fulfilled all the prior conditions of IMF of reducing fiscal expenditures and generating higher revenues through the imposition of additional taxes and removal of subsidies. In its review, it is expected that IMF will adopt a rather lenient approach keeping the flood situation in consideration.

We presume that SBP will move from a monetary tightening to an easing stance given the fact that the recent floods hitting the country was an outlier event and coupled with an improvement in external account in the last four months. The primary objective of SBP and other countries to raise their interest rates was to slowdown economies and address record inflationary pressures on the back of deteriorating fiscal positions. However, from Pakistan's standpoint, with the floods destroying major crops with higher than expected unemployment, it is likely the country may experience lower growth while inflation levels might remain elevated due to a shortage of food staples as the rebuilding process will take its time. We expect the SBP to reduce the policy rate by a meager 25-50bps to provide clarity to the markets on the SBP outlook since their fiscal goals for tightening have by and large been achieved. Also, the SBP expects in line with most analysts that the current account deficit will average around 3%

of the GDP. Moreover, the international assistance and external financing received in the wake of floods will also support the Country's foreign exchange reserves and provide fiscal respite to the currency. Nevertheless, a key milestone to keep an eye on will be the repayment of sovereign bonds of USD 1 billion due in December, as well as the gross external financing requirement of USD 34 billion during FY23.

We believe that many of the factors are already priced in the market as represented by the P/E multiple of 4.32x in comparison to long term historical average of 8.2x. The equity market is poised to deliver a healthy recovery in light of the improving external position, decrease in inflation in FY24 coupled with financial support from bilateral partners and Pak friendly countries.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: October 28, 2022

FUND INFORMATION

AKD Aggressive Income Fund



Management Company

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

Trustee

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

Bankers

Apna Microfinance Bank Limited
Askari Bank Limited
Bank Al Falah Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Mobilink Microfinance Bank Limited
NRSP Microfinance Bank Limited
U Microfinance Bank Limited

Rating-AKDAIF

PACRA: A+(f)

Legal Advisor

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

Registrar

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

Distributor

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

FUND MANAGER'S REPORT

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

Open – end Aggressive Fixed Income Scheme.

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

AKD Aggressive Income Fund (AKDAIF) is a dedicated fund that focuses primarily on fixed income securities and instruments. The objective of AKDAIF is to offer investors a convenient vehicle to invest in a diversified portfolio of fixed income securities / instruments that provide consistent returns with concern for preservation of capital over the longer term.

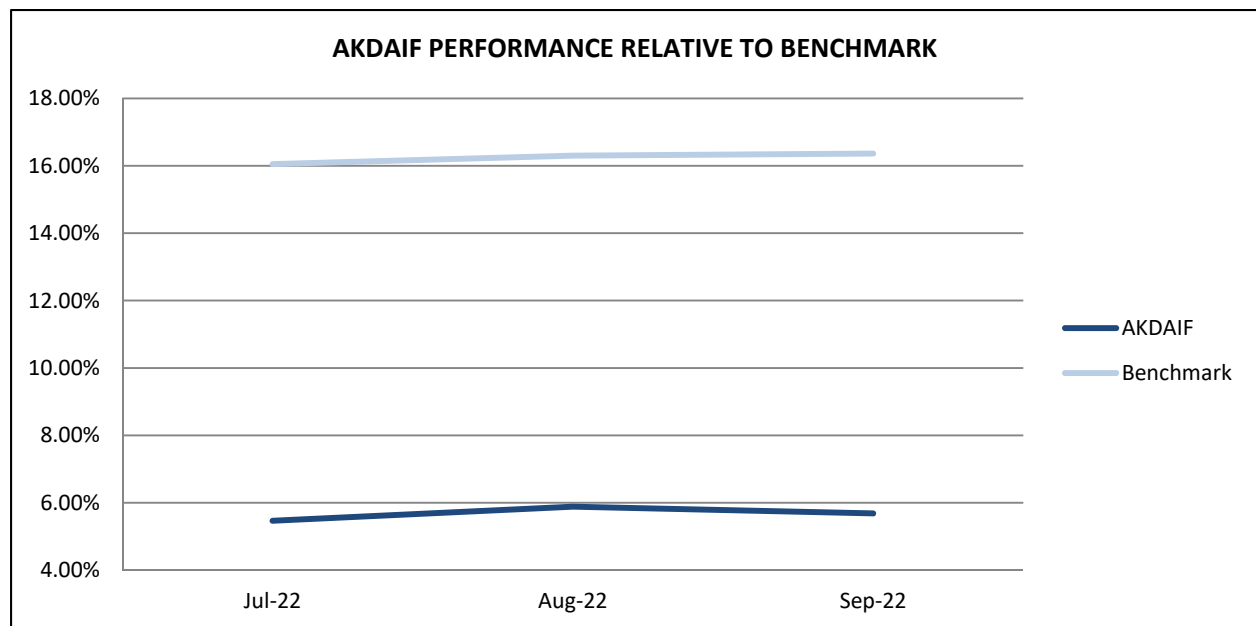
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY23, the annualized return of AKD Aggressive Income Fund stood at 5.70% as compared to the benchmark return of 16.25%.

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

1 Year KIBOR

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



Monthly yield (annualized)	Jul-22	Aug-22	Sep-22
AKDAIF	5.46%	5.88%	5.68%
Benchmark	16.05%	16.30%	16.36%

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

AKD Aggressive Income Fund is an Open - end Aggressive Fixed Income Scheme. The returns of the fund are generated primarily through investment in short term government securities, corporate debt securities, spread transactions and margin trading system.

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-Sep-22	30-Jun-22
Cash and Cash Equivalent	17.90%	13.77%
TFCs / Sukuks	31.07%	38.84%
Commercial Papers / STS	14.68%	20.73%
Spread Transactions (Cost)	19.33%	22.54%
Margin Trading System	-	0.52%
Other Assets including Receivables	17.02%	3.60%

viii) **Non-Compliant Investment**

Name of Non-Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
Lucky Electric Power Company Limited	Commercial Paper	80,560	Nil	80,560	11.32%	8.96%
The Bank of Punjab	TFC	75,134	Nil	75,134	10.55%	8.36%

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

1QFY23 Return (annualized)	5.70%
Benchmark Return (annualized)	16.25%

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

Net Asset Value		Change in Net Assets	NAV per Unit	
30-Sep-22	30-Jun-22		30-Sep-22	30-Jun-22
(Rupees in '000)			(Rs.)	
711,962	738,629	-3.61%	51.7937	51.0601

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

MACRO PERSPECTIVE

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FUTURE OUTLOOK

The last two years have reshaped the direction of the world following the Covid-19 pandemic as countries scrambled to cope with human mortalities versus economic activity, which resulted in unprecedented trade disruptions and triggered a super commodity price cycle. Then, Russia's invasion of Ukraine and geopolitical tensions rise with US imposing sanctions on Russia on the back of which power related commodity prices further skyrocketed as G2G trade disruptions were inevitable. The current global economic scenario is analogous to that of the 1970s post-recession. Central banks around the world have shifted from a growth oriented stance to monetary tightening and inflation control objectives.

While international rating agencies continue to downgrade Pakistan's credit ratings and outlook one after another, the positive news on the FATF front is expected to bode well for the country's image. Prior to the announcement of the FATF decision, the equity market incorporated the positive effect. However, going forward, the more dominant economic and political themes will play a significant role in determining market sentiment.

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We presume that SBP will move from a monetary tightening to an easing stance given the fact that the recent floods hitting the country was an outlier event and coupled with an improvement in external account in the last four months. The primary objective of SBP and other countries to raise their interest rates was to slowdown economies and address record inflationary pressures on the back of deteriorating fiscal positions. However, from Pakistan’s standpoint, with the floods destroying major crops with higher than expected unemployment, it is likely the country may experience lower growth while inflation levels might remain elevated due to a shortage of food staples as the rebuilding process will take its time. We expect the SBP to reduce the policy rate by a meager 25-50bps to provide clarity to the markets on the SBP outlook since their fiscal goals for tightening have by and large been achieved. Also, the SBP expects in line with most analysts that the current account deficit will average around 3% of the GDP. Moreover, the international assistance and external financing received in the wake of floods will also support the Country’s foreign exchange reserves and provide fiscal respite to the currency. Nevertheless, a key milestone to keep an eye on will be the repayment of sovereign bonds of USD 1 billion due in December, as well as the gross external financing requirement of USD 34 billion during FY23.

We believe that many of the factors are already priced in the market as represented by the P/E multiple of 4.32x in comparison to long term historical average of 8.2x. The equity market is poised to deliver a healthy recovery in light of the improving external position, decrease in inflation in FY24 coupled with financial support from bilateral partners and Pak friendly countries.

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 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) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.0001 to 9,999	76
10,000 to 49,999	17
50,000 - 99,999	1
100,000 - 499,999	3
500,000 and above	2
Total	99

xv) Disclosure of circumstances that materially affect any interest 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 commissions have been received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2022**

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	31,589	24,678
Investments	6	714,355	694,357
Dividend and Profit receivable	7	29,098	20,223
Receivable against Margin Trading System		-	3,930
Deposit, prepayments and other receivables	8	15,474	7,725
Receivable against sale of securities		<u>108,550</u>	<u>1,668</u>
Total assets		899,066	752,581
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	5,224	5,274
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	62	67
Payable to the Securities and Exchange Commission of Pakistan	11	37	178
Accrued expenses and other liabilities	12	175,054	1,706
Unclaimed dividend		6,727	6,727
Total liabilities		187,104	13,952
NET ASSETS		<u>711,962</u>	<u>738,629</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>711,962</u>	<u>738,629</u>
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>13,746,110</u>	<u>14,465,887</u>
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		<u>51.7937</u>	<u>51.0601</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

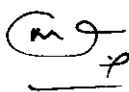
**For AKD Investment Management Limited
(Management Company)**



Chief Executive Officer



Director



Chief Financial Officer

**AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter ended September 30	
	2022	2021
Note	(Rupees in '000)	
INCOME		
Income/(loss) from spread transactions-net	(2,906)	7,237
Capital loss on sale of investment	(81)	(110)
Net unrealised appreciation/(diminution) on remeasurement of investments 'at fair value through profit or loss'	(10,413)	(5,068)
Unrealised gain on forward contracts	(133)	7,370
Profit on bank deposits	887	450
Income from:		
- Government securities	6,489	4,129
- Term finance certificates and sukuk certificates	9,246	7,182
- Commercial papers	5,425	1,871
- Margin Trading System	44	427
Dividend income	6,350	-
Reversal of provision against Sindh Workers' Welfare Fund	-	5,784
Reversal of impairment on investments	-	729
Total income	14,908	30,001
EXPENSES		
Remuneration of AKD Investment Management Limited - Management Company	2,750	3,283
Sindh sales tax on the remuneration of Management Company	358	427
Expenses allocated by Management Company	275	328
Remuneration of Central Depository Company of Pakistan Limited - Trustee	138	164
Sindh sales tax on the remuneration of Trustee	18	31
Annual fee to the Securities and Exchange Commission of Pakistan	37	44
Security transaction costs	519	1,109
Auditor's remuneration	118	108
Bank charges	35	31
Fee and subscriptions	191	251
Legal and professional	104	315
Printing and related costs	-	38
Total expenses	4,543	6,129
Net income for the period before taxation	10,365	23,872
Taxation	-	-
Net income for the period after taxation	10,365	23,872
Allocation of net income for the period		
Net income for the period after taxation	10,365	23,872
Income already paid on units redeemed	(279)	(917)
Accounting income available for distribution	10,086	22,955
- Relating to capital gains	-	9,429
- Excluding capital gains	10,086	13,526
	10,086	22,955
Earnings per unit		

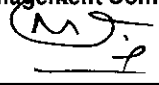
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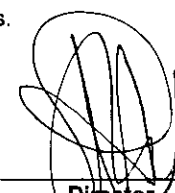
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The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Chief Financial Officer


Director

**AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter ended September 30	
	2022	2021
	----- (Rupees in '000) -----	
Net income for the period after taxation	10,365	23,872
Other comprehensive income for the period	-	-
Total comprehensive income for the period	10,365	23,872

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


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



Chief Executive Officer



Chief Financial Officer



Director


AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022


	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	710,527	28,102	738,629	784,069	29,800	813,869
Issue of 16,021 units (2021: 4,885,466 units)						
- Capital value (at Ex-Net asset value per unit at the beginning of period)	818	-	818	249,453	-	249,453
- Element of income	2	-	2	4,654	-	4,654
	820	-	820	254,607	-	254,607
Redemption of 735,797 units (2021: 2,948,082 units)						
- Capital value (at Ex-Net asset value per unit at the beginning of period)	(37,570)	-	(37,570)	(150,832)	-	(150,832)
- Element of income	(3)	(279)	(282)	(1,761)	(917)	(2,678)
	(37,573)	(279)	(37,852)	(152,593)	(917)	(153,510)
Total comprehensive income for the period	-	10,365	10,365	-	23,872	23,872
Refund of capital	-	-	-	-	-	-
Net assets at end of the period	673,774	38,188	711,962	886,083	52,755	938,838
Undistributed income brought forward						
- Realised income		40,640			27,519	
- Unrealised income / (loss)		(12,538)			2,281	
		28,102			29,800	
Accounting income available for distribution						
- Relating to capital gains		-			9,429	
- Excluding capital gains		10,086			13,526	
		10,086			22,955	
Undistributed income carried forward		38,188			52,755	
Undistributed income carried forward						
- Realised income		48,734			50,453	
- Unrealised income		(10,546)			2,302	
		38,188			52,755	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period	51.0601			51.1626		
Net assets value per unit at end of the period	51.7937			52.6110		

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

**AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter ended September 30	
	2022	2021
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	10,365	23,872
Adjustments for non-cash and other items		
Net unrealised appreciation/(diminution) on remeasurement of investments 'at fair value through profit or loss'	10,413	5,068
Unrealised gain on forward contracts	133	(7,370)
Capital loss on sale of investments	81	110
	<u>20,992</u>	<u>21,680</u>
Decrease / (increase) in assets		
Profit receivable	(8,875)	(2,462)
Deposits, prepayments and other receivables	(7,749)	(18,229)
Receivable against sale of securities	(106,882)	-
Receivable against Margin Trading System	3,930	24,011
	<u>(119,576)</u>	<u>3,320</u>
Increase / (decrease) in liabilities		
Payable to AKD Investment Management Limited - Management Company	(50)	153
Payable to the Central Depository Company of Pakistan Limited - Trustee	(5)	(21)
Payable to the Securities and Exchange Commission of Pakistan	(141)	(108)
Accrued expenses and other liabilities	173,348	17,285
	<u>173,152</u>	<u>17,309</u>
Investments - net	19,750	(42,442)
Net cash used in operating activities	<u>94,318</u>	<u>(133)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	820	254,607
Amount paid against redemption of units	(37,852)	(153,510)
Net cash generated from financing activities	<u>(37,032)</u>	<u>101,097</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>57,286</u>	<u>100,964</u>
Cash and cash equivalents at beginning of the period	103,659	67,122
Cash and cash equivalents at end of the period	<u>160,945</u>	<u>168,086</u>

17

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


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



Chief Executive Officer



Chief Financial Officer



Director

AKD AGGRESSIVE INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive Income Fund (the Fund) was established under a Trust Deed dated October 2, 2006 executed between AKD Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on September 11, 2006 and it was executed on October 2, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced operations from March 23, 2007.

The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules, through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi, in the province of Sindh.

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

The Fund is classified as an 'Aggressive Fixed Income Scheme' as per circular 7 of 2009 by SECP. The principal activity of the Fund is to make investments in government securities, deposits with bank, money market placements, deposits, certificate of deposits (COD), certificate of mushrakas (COM), commercial paper, reverse repo, term deposit receipts, term finance certificates / sukuk certificates, spread transactions and transactions under margin trading system.

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. The Fund has been given stability rating of 'A+(f)' by PACRA on September 07, 2022.

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 PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2 This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2022.
- 2.3 This condensed interim financial information is being submitted to the unitholders as required under Regulation 38 2(f)V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2022.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2022,

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2022.

	Note	Un-Audited September 30 2022	Audited June 30 2022
----- (Rupees in '000) -----			
5. BANK BALANCES			
In saving accounts	5.1	31,572	24,662
In current accounts		17	17
		<u>31,589</u>	<u>24,679</u>
5.1 Mark-up rate on these accounts is 14% (June 30, 2022: 13%) per annum.			
6. INVESTMENTS			
At fair value through profit or loss			
- Term Finance Certificates	6.1	180,846	191,066
- Sukuk Certificates	6.2	98,451	101,242
- Government securities	6.3.1	129,356	79,981
- Listed equity securities (spread transactions)	6.4	173,706	167,030
		<u>582,359</u>	<u>539,319</u>
At amortised cost			
- Commercial paper	6.6	131,996	156,038
		<u>714,355</u>	<u>695,357</u>

6.1

Term Finance Certificates

Name of investee company	Face value per certificate (Rupees)	Number of certificates				Balance as at September 30, 2022			Market value as a percentage of		Investment as a percentage of total issue size
		As at July 1, 2022	Purchased during the period	Sold / matured during the period	As at September 30, 2022	Carrying value	Market value	Unrealised appreciation/ (diminution) as at September 30, 2022	Investments	Net assets	
(Rupees in '000' %)											
Commercial Banks											
Summit Bank Limited - (note 6.1.2)	5,000	5,000	-	-	5,000	24,925	-	-	-	-	-
Less: provision for impairment						(24,925)					
Silk Bank Limited - (note 6.1.1)	5,000	20,000	-	-	20,000	75,932	65,712	(10,220)	9.20	9.23	5.00
Less: provision for impairment						(34,208)					
The Bank of Punjab - (note 6.1.1)	100,000	750	-	-	750	75,134	75,134	-	10.52	10.55	3.00
Technology & Communication											
Worldcall Telecom Limited - (note 6.1.3)	5,000	20,000	-	-	20,000	33,506	-	-	-	-	-
Less: provision for impairment						(33,506)					
TPL Corporation Limited	100,000	400	-	-	400	40,000	40,000	-	5.60	5.62	1.60
Cement											
Dewan Cement Limited - (note 6.1.4)	5,000	20,000	-	-	20,000	100,000	-	-	-	-	-
Less: provision for impairment						(100,000)					
Miscellaneous											
Pace Pakistan Limited - (note 6.1.5)	5,000	115	-	-	115	574	-	-	-	-	-
Less: provision for impairment						(574)					
Total - September 30, 2022						191,066	180,846	(10,220)			
Total - June 30, 2022						204,127	191,066	(13,061)			

6.1.1 Significant terms and conditions of term finance certificate are as follows:

Name of investee company	Face value per certificate (Rupees)	Redeemed face value per certificate (Rupees)	Mark-up rate (per annum)	Maturity	Rating
Silk Bank Limited	5,000	4,996	6 month KIBOR + 1.85%	August 10, 2025	BBB+
The Bank of Punjab	100,000	99,780	6 month KIBOR + 1.00%	December 23, 2026	AA-

6.1.2

The Term Finance Certificates (TFCs) of Summit Bank Limited (SBL) had an original maturity of October 27, 2018. An extra ordinary general meeting was called on November 19, 2018, where in it was resolved that the maturity date of these certificates be extended for one year (i.e. October 27, 2019) on the existing terms and conditions. Since SBL defaulted on timely payment of its final instalment, the management company has made 100 percent provision amounting to Rs. 24,925 million against the defaulted instalment in line with the requirement of Circular 33 dated October 24, 2012. Furthermore, profit on instalment due amounting to Rs. 1.23 million has also been suspended.

- 6.1.3 The Term Finance Certificates (TFCs) of Worldcall Telecom Limited (WTL) had an original maturity of October 07, 2013. WTL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f November 8, 2012. Accordingly, the outstanding investment had been fully provided.
- 6.1.4 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2009). Dewan Cement Limited (DCL) failed to complete the public offering within the said time period and had also defaulted in payment of principal and profit for the said period. As a matter of prudence, the Fund had made provision for the amount of the investment in accordance with the provisioning criteria specified in Circular No. 1 of 2009 dated January 6, 2009 issued by the SECP.
- 6.1.5 The Term Finance Certificates (TFCs) of Pace (Pakistan) Limited (PPL) had an original maturity of February 15, 2017. PPL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f September 5, 2011. Accordingly, the outstanding investment had been fully provided.
- 6.1.6 The coupon payment of the Term Finance Certificate (TFC) of Silkbank Limited (Silkbank) was due on February 10, 2022, which the Silkbank failed to pay on the due date of payment. As per SECP Circular No 35 of 2012 Dated November 26, 2012 the Fund has reversed the principal and the profit amount due on February 10, 2022 and stopped the accrual of the interest. The TFCs of Silkbank has been classified as a Non-Performing Asset (NPA) by MUFAP. Furthermore, as per SECP circular No. 33 of 2012 dated October 24, 2012, the Fund is making necessary minimum provisioning against the principal amount.

6.2 Sukuk Certificates

Name of investee company	Redeemed face value per certificate	Number of certificates			Balance as at September 30, 2022			Market value as a percentage of			
		As at July 1, 2022	Purchased during the period	Sold / redeemed during the period	As at September 30, 2022	Carrying value	Market value	Unrealised appreciation/ (diminution) as at September 30, 2022	Investments	Net assets	Investment as a percentage of total issue size
(Rupees)											
(Rupees in '000)											
----- %											
Sukuk certificates - unlisted											
Hub Power Holdings Limited - (note 6.2.1)	5,000	750	-	-	750	61,844	61,844	-	8.66	8.69	1.03
TPL Trakker Limited - (note 6.2.2)	1,000,000	30	-	-	30	23,458	23,450	(8)	3.28	3.29	2.14
Mughal Iron & Steel Industries Limited - (note 6.2.3)	1,000,000	15	-	-	15	13,336	13,157	(179)	1.84	1.85	0.50
New Allied Electronics Industries (Private) Limited - (note 6.2.4)	313	96,000	-	-	96,000	30,000	-	-	-	-	-
Less: provision for impairment						(30,000)	-	-	-	-	-
Total - September 30, 2022						98,638	96,451	(187)			
Total - June 30, 2022						101,670	101,242	(428)			

6.2.1 The Hub Power Holdings Limited issued sukuk certificates on November 12, 2020, which will be matured on November 12, 2025. It carries mark up at the rate 6 month KIBOR plus 2.50% per annum.

6.2.2 The TPL Trakker Limited has issued sukuk certificates on December 31, 2020, which will be matured on December 31, 2025. It carries mark up at the rate 3 months KIBOR plus 3.00% per annum.

6.2.3 The Mughal Iron & Steel Industries Limited has issued sukuk certificates on March 02, 2021, which will be matured on March 02, 2026. It carries mark up at the rate 3 months KIBOR plus 1.30% per annum.

6.2.4 New Allied Electronics Industries (Private) Limited defaulted on the amount of principal and mark-up due on the scheduled redemption dates i.e. October 25, 2008, January 25, 2009, April 25, 2009, July 25, 2009, October 25, 2009, January 25, 2010 and April 25, 2010. Hence, the Fund had been fully provided for the amount of the Investment in accordance with the requirements of Circular No. 1 of 2009 dated January 6, 2009.

6.3 Government securities

6.3.1 Market Treasury Bills

Issue Date	Tenor	Face Value			Balance as at September 30, 2022			Market value as a percentage of		
		At July 1, 2022	Purchased during the period	Sold / matured during the period	As at September 30, 2022	Carrying value	Market value	Unrealised appreciation / (diminution) as at September 30, 2022	Investments	Net assets
Market Treasury Bills - 3 months		80,000	341,000	290,000	131,000	129,319	129,356	37	18.11	18.17
Total as on September 30, 2022					129,319	129,356	37			
Total as on June 30, 2022					78,938	78,981	43			

6.3.1.1 On September 27, 2022 the Fund transferred Market Treasury Bills of Rs. 35 million and Rs. 15 million (face value) having maturity of November 17, 2022 and December 15, 2022 into National Clearing Company Limited (NCCPL) exposure margin account maintained with National Clearing Company of Pakistan Limited in respect of exposure margin and mark to market losses in Ready and DFC market.

6.4 Listed equity securities (spread transactions)

Sectors / Companies	As at July 01, 2022	Purchased during the period	Sold during the period	As at September 30, 2022	Market Value value as at September 30, 2022
	----- (Number of shares) -----				- (Rupees in 000) ---
CEMENT					
Lucky Cement Limited	16,500	-	16,500	-	-
Maple Leaf Cement Factory Limited	500,000	-	500,000	-	-
CHEMICALS					
Ghani Global Holding Limited	919,000	-	919,000	-	-
FOOD AND PERSONAL CARE PRODUCTS					
Unity Foods Limited	-	1,715,000	-	1,715,000	38,690
OIL & GAS EXPLORATION COMPANIES					
Pakistan Oilfields Limited	-	53,500	53,500	-	-
OIL & GAS MARKETING COMPANIES					
Pakistan State Oil Company Limited	-	335,000	-	335,000	54,414
POWER GENERATION AND DISTRIBUTION					
Kot Addu Power Company Limited	-	35,000	-	35,000	1,034
REFINERY					
National Refinery Limited	-	350,000	25,000	325,000	79,125
Pakistan Petroleum Limited	-	5,000	-	5,000	307
Attock Refinery Limited	-	367,500	367,500	-	-
CABLE AND ELECTRICAL GOODS					
Pak Elektron Limited	800,000	-	800,000	-	-
GLASS AND CERAMICS					
Tariq Glass Industries Limited	577,000	-	577,000	-	-
TEXTILE COMPOSITE					
Nishat Mills Limited	-	2,000	-	2,000	136
TECHNOLOGY & COMMUNICATION					
TRG Pakistan Limited	750,000	280,000	1,030,000	-	-
Investment as at September 30, 2022					<u>173,706</u>
Investment as at June 30, 2022					<u>167,030</u>

6.5 Preference shares of Security Leasing Corporation Limited

In view of adverse financial position, Security Leasing Corporation Limited had deferred the payment of 3rd redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2009 and 4th redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2010. As per the terms of the preference shares, the preference shareholders have preference over ordinary shareholders in the event of liquidation of the Company. The management had fully provided for its investment during the year ended June 30, 2018.

6.6 Commercial paper

Name of investee company	Rate of return per annum	Face value			Carrying value	Maturity	Rating	Carrying value as percentage of	
		As at July 01, 2022	Purchased during the period	Matured / sold during the period				As at September 30, 2022	Investments
Waves Singer Pakistan Limited	11.0%	26,000	-	26,000	-	July 30, 2022	A1	-	-
China Power Hub Generation Company (Pvt.) Limited	13.97%	55,000	-	-	51,436	October 10, 2022	A1+	7.20	7.22
Lucky Electric Power Company Limited	16.21%	87,000	-	-	80,560	November 02, 2022	A1+	11.28	11.32
Total - September 30, 2022					142,000				
Total - June 30, 2022					168,000				

6.7 Details of non-compliant investment

The Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 16 dated July 7, 2010 has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the collective investment schemes or with the investment requirements of their constitutive documents.

Name of non compliant investment	Note	Issue date	Type of investment	Value of investment	Provision held if any	Value of investment after provision	Percentage of net assets	
							Percentage of net assets	Investment as a percentage of total issue size
Non-compliance under NBFC Regulation 55 (5)								
The Bank of Punjab	6.1	December 23, 2016	Term Finance Certificate	75,134	-	75,134	10.55	3.00
Lucky Electric Power Company Limited	6.6	May 06, 2022	Commercial Paper	80,560	-	80,560	11.32	-

Rupees in '000'

		Un-Audited September 30 2022	Audited June 30 2022
	Note	----- (Rupees in '000) -----	
7. DIVIDEND AND PROFIT RECEIVABLE			
Profit receivable on:			
- Term finance and sukuk certificates		17,489	14,457
- Commercial papers		8,682	5,560
- Bank deposits		252	206
Dividend Receivable		<u>2,675</u>	<u>-</u>
		<u>29,098</u>	<u>20,223</u>

8. DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with:			
- National Clearing Company Pakistan Limited		2,750	2,750
- Central Depository Company Limited		100	100
Prepaid National Clearing Company Pakistan Limited annual fee		10	73
Security margin deposit		12,422	1,125
Receivable against forward contract settlement		-	3,522
Income receivable against Margin Trading System		-	8
Advance tax		171	147
Prepaid PSX Listing Fee		21	-
		<u>15,474</u>	<u>7,725</u>

		Un-Audited September 30 2022	Audited June 30 2022
	Note	----- (Rupees in '000) -----	
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	9.1	881	921
Sindh sales tax on management fee	9.2	114	120
Expenses allocated by the Management Company	9.3	88	92
Federal exercise duty on Management fee	9.4	<u>4,141</u>	<u>4,141</u>
		<u>5,224</u>	<u>5,274</u>

9.1 The remuneration to the Management Company is been charged at 1.5% of the daily average net assets value and is payable in arrears.

9.2 Sindh sales tax on services at the rate of 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 0.15% (June 30, 2022: 0.1%) per annum of the average annual net assets of the Fund.

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

On June 30, 2016, the SHC of Pakistan had passed a judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 4.14 million (June 30, 2021: Rs. 4.14 million) until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at September 30, 2022 would have been higher by Re. 0.301 per unit (June 30, 2022: Re. 0.286 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.

		Un-Audited September 30 2022 ----- (Rupees in '000) -----	Audited June 30 2022 -----
10. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note		
Trustee fee	10.1	44	46
Settlement charges payable to the trustee		11	13
Sindh sales tax on trustee fee and CDS charges	10.2	7	8
		<u>62</u>	<u>67</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and as per the tariff specified therein, based on 0.075% (June 30, 2022: 0.075%) of the daily net assets value of the Fund.

10.2 Sindh sales tax on services has been charged at the rate of 13% (June 30, 2022: 13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.

		Un-Audited September 30 2022 ----- (Rupees in '000) -----	Audited June 30 2022 -----
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note		
Annual fee payable to SECP	11.1	<u>37</u>	<u>178</u>

11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 all Collective Investment Scheme are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (June 30, 2022: 0.02%) of the average annual net assets of the scheme.

		Un-Audited September 30 2022 ----- (Rupees in '000) -----	Audited June 30 2022 -----
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditor's remuneration		449	364
National Clearing Company of Pakistan Limited clearing charges payable		-	43
Withholding tax payable		-	881
Others		<u>174,563</u>	<u>418</u>
		<u>175,054</u>	<u>1,706</u>

13. CONTINGENCIES AND COMMITMENTS

- 13.1 The commitment to sell equity securities at a future date under spread transactions amounts to Rs.167.974 million (June 30, 2022: 172.309)
- 13.2 Except as disclosed in note 13.1, there are no other contingencies and commitments outstanding as at September 30, 2022 and June 30, 2022.

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (Minimum Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year, Management Company has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

15. 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.

16. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended September 30, 2022 is 2.48% (September 30, 2021:2.80%) which includes 0.26% (September 30, 2021: 0.33%) representing government levies such as sales taxes, Sindh Workers' Welfare Fund, 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 investment scheme categorised as an Aggressive Fixed Income Scheme.

	Note	Un-Audited September 30 2022	Audited June 30 2022
----- (Rupees in '000) -----			
17. CASH AND CASH EQUIVALENTS			
Bank balances	5	31,589	24,678
Market treasury bills (having original maturity upto 3 months)	6.3.1	129,356	78,981
		<u>160,945</u>	<u>103,659</u>

18. TRANSACTIONS WITH CONNECTED PERSONS

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

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

The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

18.1 Details of transactions with related parties / connected persons during the period are as follows:

	Un-Audited September 30 2022	Un-Audited September 30 2021
	----- (Rupees in '000) -----	
AKD Investment Management Limited - Management Company		
Management fee	2,750	3,283
Sindh sales tax on management fee	358	427
Allocated expenses	275	328
Sales load	-	54
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	138	164
CDC charges	17	75
Sindh sales tax on trustee remuneration	18	31
AKD Securities Limited		
Brokerage on purchase of listed equity securities for spread	-	94
	Un-Audited September 30 2022	Audited June 30 2022
	----- (Rupees in '000) -----	

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

AKD Investment Management Limited - Management Company		
Management remuneration payable	881	921
Sindh sales tax payable on management remuneration	114	120
Federal excise duty payable on management remuneration	4,141	4,141
Payable against allocated expenses	88	92
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	44	46
Settlement charges payable	11	13
Sindh sales tax payable on trustee remuneration and settlement charges	7	8
Security deposit	100	100
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan Employees Pension Fund		
Outstanding 10,589,410 (June 30, 2022: 9,855,367) units	548,465	540,695
Sindh Province Pension Fund		
Outstanding 1,788,166 (June 30, 2022: 1,788,166) units	92,616	91,304

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

	As at September 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss				
- Term Finance Certificates	-	180,846	-	180,846
- Sukuk Certificates	-	98,451	-	98,451
- Government securities	-	129,356	-	129,356
- Listed equity securities (spread transactions)	173,706	-	-	173,706
	173,706	408,653	-	582,359

	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss				
- Term Finance Certificates	-	191,066	-	191,066
- Sukuk Certificates	-	101,242	-	101,242
- Government securities	-	79,981	-	79,981
- Listed equity securities (spread transactions)	167,030	-	-	167,030
	167,030	372,289	-	539,319

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

20. GENERAL

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

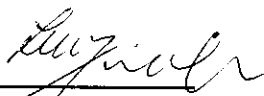
20.2 Comparative figures have been reclassified where necessary for better presentation and comparison.

21. DATE OF AUTHORISATION FOR ISSUE


28 OCT 2022

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

For AKD Investment Management Limited
(Management Company)



Chief Executive Officer



Director



Chief Financial Officer



**AKD Investment
Management Ltd.**

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