

# 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 Islamic Stock Fund



#### Management Company

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

#### Trustee

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

#### Bankers

Bankislami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited

#### Auditors

Riaz Ahmad and Company  
Chartered Accountants  
Office No. 5, 20th Floor, Bahria Town Tower  
Block 2, P.E.C.H.S.  
Karachi, Pakistan

#### Legal Advisor

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

#### Registrar

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

#### Distributor

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

#### Rating-AKDISSF

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

## FUND MANAGER'S REPORT

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

Open – end Islamic Equity Scheme.

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

AKD Islamic Stock Fund (AKDISSF) is designed to earn competitive returns by investing in the stock market. The objective of AKD Islamic Stock Fund is to invest in the capital markets through an optimal combination of strategies in Shariah compliant equities providing growth and dividends.

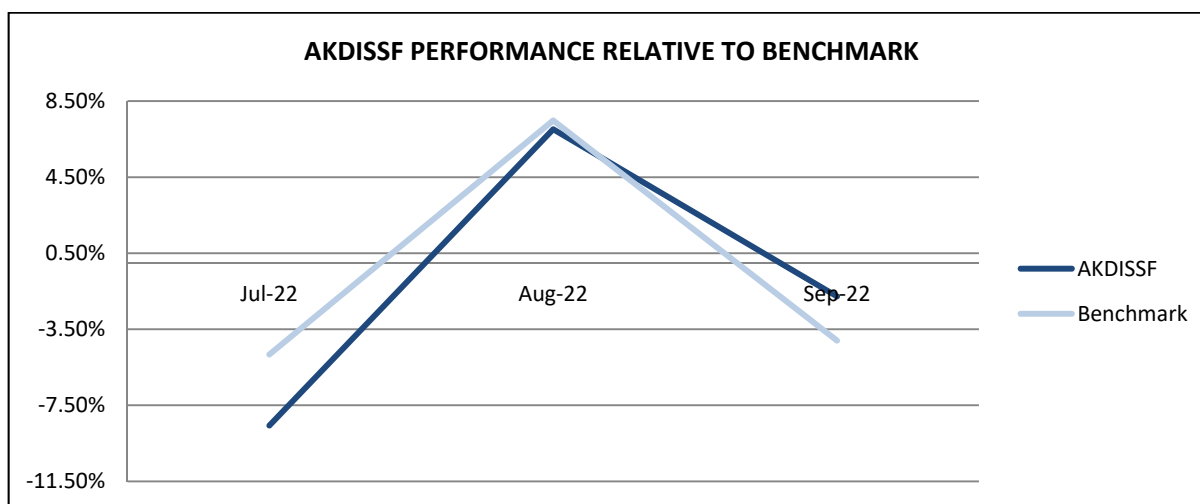
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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

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

KMI-30 Index.

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



Monthly return	Jul-22	Aug-22	Sep-22
AKDISSF	-8.56%	7.03%	-1.77%
Benchmark	-4.83%	7.49%	-4.10%

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

AKD Islamic Stock Fund is an Open – end Islamic Equity Scheme; the returns of the Fund are generated through investment in Islamic stocks which have strong growth potential. AKDISSF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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

Asset Allocation (% of Total Assets)	30-Sep-22	30-Jun-22
Equities	97.25%	98.02%
Cash	0.93%	0.39%
Other Assets including Receivables	1.82%	1.59%

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

1QFY23 Return	-3.87%
Benchmark Return	-1.90%

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

Net Asset Value			NAV Per Unit	
30-Sep-22	30-Jun-22	Change in Net Assets	30-Sep-22	30-Jun-22
(Rupees In "000")			Rs.	Rs.
227,007	253,328	-10.39%	38.9050	40.4732

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

**MACRO PERSPECTIVE**

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.

## **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.

## **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.



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

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

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

There were no unit splits during the period.

- xiii) Break down of unit holding size:**

<b>Range (Units)</b>	<b>No. of Investors</b>
0.0001 - 9,999	305
10,000 - 49,999	48
50,000 - 99,999	7
100,000 - 499,999	10
500,000 and above	3
<b>Total</b>	<b>373</b>

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

Investments are subject to credit and market risk.

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

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

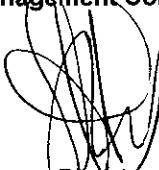
**AKD ISLAMIC STOCK FUND**  
**Condensed Interim Statement of Assets and Liabilities**  
**As at September 30, 2022**

		(Un-audited) September 30, 2022	(Audited) June 30, 2022
	Note	Rupees in '000	
<b>Assets</b>			
Bank balances	5	2,128	994
Investments	6	223,685	250,736
Dividend and Profit receivable on bank deposits	7	1,366	65
Deposits, prepayments and other receivables	8	2,752	2,817
Preliminary expenses and floatation cost	9	80	131
Receivable against sale of securities		-	1,058
<b>Total Assets</b>		<b>230,011</b>	<b>255,801</b>
<b>Liabilities</b>			
Payable to AKD Investment Management Limited - Management Company	10	666	890
Payable to Digital Custodian Company Limited - Trustee	11	26	27
Payable to Securities and Exchange Commission of Pakistan	12	12	65
Payable against purchase of investment		-	53
Accrued expenses and other liabilities	13	2,300	1,438
<b>Total Liabilities</b>		<b>3,004</b>	<b>2,473</b>
<b>Net Assets</b>		<b>227,007</b>	<b>253,328</b>
<b>Unit Holders' Fund (as per statement attached)</b>		<b>227,007</b>	<b>253,328</b>
<b>Contingencies and Commitments</b>	14		
		<b>Number of units</b>	
<b>Number of units in issue</b>		<b>5,834,902</b>	<b>6,259,150</b>
		<b>Rupees</b>	
<b>Net assets value per unit</b>		<b>38.9050</b>	<b>40.4732</b>

The annexed notes 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 ISLAMIC STOCK FUND**  
**Condensed Interim Income Statement (Un-audited)**  
**For the first quarter ended September 30, 2022**

	Note	2022 (Rupees in '000)	2021
<b>Income</b>			
Capital gain / (loss) on sale of investments		(345)	5,050
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	6.2	(10,028)	(39,510)
Dividend income		2,243	6,130
Profit on bank deposits		138	150
Reversal of Provision for Sindh Workers' Welfare Fund / other income		-	2,263
<b>Total gain / (loss)</b>		<b>(7,992)</b>	<b>(25,917)</b>
<b>Expenses</b>			
Remuneration of the Management Company		1,213	1,996
Sales tax on the remuneration of the Management Company		158	259
Remuneration of the Trustee		73	120
Sales tax on the Trustee remuneration		9	16
Annual fee to the Securities and Exchange Commission of Pakistan		12	20
Expenses allocated by the Management Company		303	449
Securities transaction costs		237	283
Auditors' remuneration		63	59
Settlement and bank charges		10	27
Amortisation of preliminary expenses and floatation costs		51	51
Fee and subscription		204	211
Printing and related cost		-	38
Legal and professional charges		108	279
Charity		99	61
<b>Total expenses</b>		<b>2,540</b>	<b>3,869</b>
<b>Net Income / (loss) for the period before taxation</b>		<b>(10,532)</b>	<b>(29,786)</b>
Taxation	16	-	-
<b>Net Income / (loss) for the period after taxation</b>		<b>(10,532)</b>	<b>(29,786)</b>
<b>Allocation of net income for the period</b>			
Net income for the period after taxation		-	-
Income already paid on units redeemed		-	-
<b>Accounting income available for distribution</b>		<b>-</b>	<b>-</b>
Relating to capital gain		-	-
Excluding capital gains		-	-

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

  
**Chief Executive Officer**

For AKD Investment Management Limited  
(Management Company)

  
**Director**


  
**Chief Financial Officer**

**AKD ISLAMIC STOCK FUND**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the first quarter ended September 30, 2022**

	2022 (Rupees in '000)	2021
Net Gain / (loss) for the period after taxation	(10,532)	(29,786)
Other comprehensive income for the period	-	-
<b>Total comprehensive loss for the period</b>	<u><u>(10,532)</u></u>	<u><u>(29,786)</u></u>

The annexed notes 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 ISLAMIC STOCK FUND**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
**For the first quarter ended September 30, 2022**

	2022	2021
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net gain / (loss) for the period before taxation	(10,532)	(29,786)
<b>Adjustments</b>		
Amortisation of preliminary expenses and floatation costs	51	51
Capital loss / (gain) on sale of investments	345	(5,050)
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	10,028	39,510
	<u>(108)</u>	<u>4,725</u>
<b>(Increase) / decrease in assets</b>		
Investments	16,678	26,803
Dividend and Profit receivable on bank deposits	(1,301)	(5,397)
Deposits, prepayments and other receivables	65	(5,378)
Receivable against sale of securities	1,058	(1,642)
	<u>16,500</u>	<u>14,386</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to AKD Investment Management Limited - Management Company	(224)	37
Payable to Digital Custodian Company Limited - Trustee	(1)	(3)
Payable to Securities and Exchange Commission of Pakistan	(53)	(38)
Payable against purchase of investment	(53)	1,900
Accrued expenses and other liabilities	862	9,399
	<u>531</u>	<u>11,295</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>16,923</u>	<u>30,406</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	73,110	192,345
Payment against redemption of units	(88,899)	(219,552)
<b>Net cash generated from financing activities</b>	<u>(15,789)</u>	<u>(27,207)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>1,134</u>	<u>3,199</u>
Cash and cash equivalents at beginning of the period	<u>994</u>	<u>13,092</u>
<b>Cash and cash equivalents at end of the period</b>	<u>5</u> <u>2,128</u>	<u>16,291</u>

The annexed notes 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 ISLAMIC STOCK 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	Net assets	Capital value	Undistributed income	Net assets
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the period</b>	<b>360,948</b>	<b>(107,620)</b>	<b>253,328</b>	<b>462,079</b>	<b>(36,719)</b>	<b>425,360</b>
Issuance of 1,840,371 units (2021: 3,971,659)						
- Capital value (at net asset value per unit at the beginning of the period)	74,486	-	74,486	197,776	-	197,776
- Element of income	(1,376)	-	(1,376)	(5,431)	-	(5,431)
Total proceeds on issuance of units	73,110	-	73,110	192,345	-	192,345
Redemption of 2,264,619 units (2021: 4,544,045)						
- Capital value (at net asset value per unit at the beginning of the period)	91,656	-	91,656	226,279	-	226,279
- Element of income	(2,757)	-	(2,757)	(6,727)	-	(6,727)
Total payments on redemption of units	88,899	-	88,899	219,552	-	219,552
Total comprehensive income / (loss) for the period	-	(10,532)	(10,532)	-	(29,786)	(29,786)
Distribution during the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(10,532)	(10,532)	-	(29,786)	(29,786)
<b>Net assets at end of the period</b>	<b>345,159</b>	<b>(118,152)</b>	<b>227,007</b>	<b>434,872</b>	<b>(66,505)</b>	<b>368,367</b>
Undistributed loss brought forward						
- Realised		(20,943)			(86,400)	
- Unrealised		(86,677)			49,681	
		(107,620)			(36,719)	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the period after taxation		(10,532)			(29,786)	
Distribution during the period		-			-	
Undistributed loss carried forward		(118,152)			(66,505)	
Undistributed gain / (loss) carried forward						
- Realised loss		(108,124)			(26,995)	
- Unrealised gain / (loss)		(10,028)			(39,510)	
		(118,152)			(66,505)	
Net assets value per unit at beginning of the period			(Rupees) 40.4732			(Rupees) 49.7969
Net assets value per unit at end of the period			38.9050			46.2220

The annexed notes 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 ISLAMIC STOCK FUND**

### **Notes to the condensed interim financial statements (Un-audited)**

**For the first quarter ended September 30, 2022**

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

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

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

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

The Fund is categorised as an open end Shariah Complaint (Islamic) Equity Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Private) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

The Pakistan Credit Rating Company Limited (PACRA) has assigned asset manager rating of 'AM3++' to the Management Company dated June 30, 2022. The Fund has been given performance ranking of '3-Star' (Short Term) and '5-Star' (Long Term) by PACRA on August 10, 2022.

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

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

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the 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 Fund'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.

		(Un-Audited) 30-Sep-2022	(Audited) 30-Jun-2022
	<b>Note</b>	<b>Rupees in '000</b>	
<b>5. BANK BALANCES</b>			
In saving accounts	5.1	<u>2,128</u>	<u>994</u>
5.1	This represent bank accounts held with different banks. Mark-up rate on these accounts are from 13.5% to 14.75% (June 30, 2022: 12.25% to 14.25%) per annum.		
<b>6. INVESTMENTS</b>			
At fair value through profit and loss'			
- Listed equity securities	6.1	<u>223,685</u>	<u>250,736</u>



6.1 Listed Equity Securities

Name of the investee company	Face value per share (Rupees)	Number of shares				Balance as at Sept. 30, 2022			Market value as percentage of investments of net assets	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
		As at July 01, 2022	Purchases during the period	Bonus / Right issue	Sales during the period	As at Sept. 30, 2022	Carrying cost	Market value			
SHARES OF LISTED COMPANIES - fully paid ordinary shares											
Rupees in '000											
<b>Automobile Assembler</b>											
Chandhara Nissan Limited	10	999	-	-	-	999	59	(3)	0.03	0.02	0.00
Millat Tractors Limited	10	18	-	-	-	18	15	(1)	0.01	0.01	0.00
Pak Suzuki Motor Company Limited	10	20,000	-	-	20,000	-	-	-	-	-	-
						75	71	(4)			
<b>Automobile Parts &amp; Accessories</b>											
Thal Limited	5	85,000	-	-	-	85,000	22,918	381	10.42	10.26	0.10
<b>Cable &amp; Electrical Goods</b>											
Pakistan Cables Limited	10	30,000	-	4,500	-	34,500	4,185	7	1.87	1.85	0.10
<b>Chemical</b>											
Lotte Chemical Pakistan Limited	10	275,000	-	-	275,000	-	-	-	-	-	-
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	10	3,121,800	-	-	136,001	2,985,799	35,949	(3,971)	14.30	14.09	0.27
<b>Engineering</b>											
Crescent Steel & Allied Products Limited	10	10,000	-	-	-	10,000	417	(40)	0.17	0.17	0.01
International Steels Limited	10	145,000	25,000	-	45,000	125,000	7,360	(469)	3.08	3.04	0.03
						7,777	7,268	(509)			
<b>Fertilizer</b>											
Fauji Fertilizer Bin Qasim	10	100,000	-	-	-	100,000	2,024	(62)	0.87	0.86	0.01
<b>Food &amp; Personal Care Products</b>											
Al Shaheer Corporation Limited	10	2,800,499	-	-	800,000	2,000,499	18,084	4,602	10.14	9.99	0.67
<b>Oil &amp; Gas Exploration Companies</b>											
Pakistan Petroleum Limited	10	20,000	-	-	-	20,000	1,350	(122)	0.55	0.54	0.00
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Pakistan State Oil Company Limited	10	45,000	5,000	-	-	50,000	8,688	(566)	3.63	3.58	0.01
<b>Paper &amp; Board</b>											
Pakistan Paper Products Limited	10	666	-	-	-	666	46	1	0.02	0.02	0.01
<b>Pharmaceuticals</b>											
Abbot Laboratories Pakistan Ltd	10	39,000	-	-	-	39,000	25,531	(2,797)	10.16	10.01	0.04

Name of the investee company	Face value per share (Rupees)	Number of shares						Balance as at Sept. 30, 2022			Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held			
		As at July 01, 2022	Purchases during the period	Bonus / Right issue	Sales during the period	As at Sept. 30, 2022	Carrying cost	Market value	Appreciation/ (diminution)	%						
<b>Power Generation &amp; Distribution</b>																
Hub Power Company Limited (note 6.1.1)	10	550,000	50,000	-	175,000	425,000	28,832	29,712	880	13.28	13.09	0.03				
K-Electric Limited	3.5	500,000	3,490,000	-	490,000	3,500,000	12,630	10,430	(2,200)	4.66	4.59	0.01				
							41,462	40,142	(1,320)							
<b>Refinery</b>																
Attock Refinery Limited	10	109,000	-	-	19,000	90,000	15,820	13,250	(2,570)	5.92	5.84	0.08				
Cherryco PK Limited	10	5,000,000	-	-	289,037	4,710,963	25,157	23,084	(2,073)	10.32	10.17	0.09				
National Refinery Limited	10	25,000	-	-	-	25,000	6,314	6,086	(228)	2.72	2.68	0.03				
							47,291	42,420	(4,871)							
<b>SYNTHETICS AND RAYON</b>																
Pakistan Synthetics Limited	10	1,000	13,000	-	-	14,000	707	662	(45)	0.30	0.29	0.02				
<b>Technology and Communication</b>																
Pakistan Telecommunication Company Limited	10	750,000	150,000	-	36,000	864,000	6,043	5,866	(177)	2.62	2.58	0.02				
							6,043	5,866	(177)							
<b>Textile Composite</b>																
Nishat Mills Limited	10	75,000	-	-	-	75,000	5,543	5,109	(434)	2.28	2.25	0.02				
Nishat (Chunian) Limited	10	25,000	-	-	25,000	-	5,543	5,109	(434)	-	-	-				
<b>TEXTILE SPINNING</b>																
Tata Textile Mills Limited	10	-	100,500	-	25,500	75,000	4,936	4,954	18	2.21	2.18	0.13				
<b>Vanaspati &amp; Allied Industries</b>																
Punjab Oil Mills Limited	10	6,200	-	-	-	6,200	1,104	965	(139)	0.43	0.43	0.12				
<b>Total as at September 30, 2022</b>							233,713	223,685	(10,028)							
<b>Total as at June 30, 2022</b>							337,413	250,736	(86,677)							

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

		(Un-Audited) 30-Sep-2022	(Audited) 30-Jun-2022
		Rupees in '000	
<b>6.2</b>	<b>Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
	Market value of investments	223,685	250,736
	Carrying amount of investments	(233,713)	(337,413)
		<u>(10,028)</u>	<u>(86,677)</u>
<b>7</b>	<b>Dividend and Profit receivable on bank deposits</b>		
	Profit on bank balance	23	65
	Dividend Receivable	1,343	-
		<u>1,366</u>	<u>65</u>
<b>8</b>	<b>DEPOSITS AND PREPAYMENTS</b>		
	Security deposits with		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Prepaid PSX Listing Fee	21	-
	Prepaid Shairah Advisor fee	131	217
		<u>2,752</u>	<u>2,817</u>
<b>9</b>	<b>PRELIMINARY EXPENSES AND FLOATATION COST</b>		
	Cost	1,024	1,024
	<b>Accumulated amortisation</b>		
	Opening balance	(893)	(688)
	Amortised during the period / year	(51)	(205)
	Closing balance	<u>(944)</u>	<u>(893)</u>
		<u>80</u>	<u>131</u>
<b>9.1</b>	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.		
<b>10</b>	<b>PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Management fee	387	406
	Sales tax on management fees	50	53
	Expenses allocated by the management company	97	91
	Formation cost	132	337
	Sales Load	-	3
		<u>666</u>	<u>890</u>
<b>10.1</b>	During the period the Management Company has charged 2% (June 30, 2022: 2%) per annum management fee.		
<b>10.2</b>	Sindh sales tax at the rate of 13% (June 30, 2022: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.		
<b>10.3</b>	The Management Company has charged expenses at the rate of 0.5% (June 30, 2022: 0.45%) per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to Fund, from July 01, 2022 to September 30, 2022.		
<b>11</b>	<b>PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE</b>		
	Trustee fee	23	24
	Sindh Sales Tax	3	3
		<u>26</u>	<u>27</u>

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

The tariff structure applicable to the fund is as follows:

Amount of Funds Under Management [Average Net Assets Value (NAV)]	Tariff per annum
Upto Rs 1,000 million	0.12% of Net Assets
Exceeding Rs 1,000 million and up to Rs.5,000 million	Rs. 1.2 million plus 0.065% per annum of the amount exceeding Rs. 1,000 million
Exceeding Rs. 5,000 million and up to Rs. 10,000 million	Rs. 3.8 million plus 0.06% per annum of the amount exceeding Rs. 5,000 million

11.2 Sindh Sales Tax is charged at 13% (June 30, 2022: 13%) on Trustee fee.

**12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

Note

(Un-Audited)  
30-Sep-2022 (Audited)  
30-Jun-2022  
Rupees in '000

Annual fee payable to SECP

12.1

12

65

12.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (June 30, 2021: 0.02%) of the average annual net assets of the scheme. The fee is payable annually in arrears.

**13 ACCRUED AND OTHER LIABILITIES**

Brokerage payable	237	101
Auditors remuneration	215	185
Printing charges payable	150	150
Payable against conversion of units	550	-
Charity Payable	892	792
Credit Rating Fee Payable	163	132
Withholding Tax Payable	27	10
Others	66	68
	<b>2,300</b>	<b>1,438</b>

**14 CONTINGENCIES AND COMMITMENTS**

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

**15 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at September 30, 2022 is 1.06% (September 30, 2021: 0.98%) which includes 0.09% (September 30, 2021: 0.09%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

**16 TAXATION**

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

## 17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited, being the Management Digital Custodian Company Limited, being the Trustee, AKD Group Holding Private Limited (Formerly: Aqeel Karim Dhedhi Securities Limited), AKD Securities Limited, directors, officers and other connected persons of the Management Company, and their connected persons.

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

	(Un-Audited)	
	Period ended September 30,	
	2022	2021
	(Rupees in '000)	
<b>17.1 Transactions during the period</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	1,213	1,996
Expenses allocated by the Management Company	303	449
Sindh Sales Tax on management remuneration	158	259
Sales Load	1	65
Issue of 32,169 units (2021: 77,080)	1,319	3,800
<b>Digital Custodian Company Limited - Trustee</b>		
Trustee remuneration	73	120
Sindh Sales Tax on trustee remuneration	9	16
<b>AKD Securities Limited</b>		
Brokerage Expense	-	18
Shares Sold by AKD Islamic Stock Fund to AKD Securities Limited	-	-
<b>AKD Opportunity Fund - Common Management Company</b>		
Shares purchased by AKD Islamic Stock Fund from AKD Opportunity Fund	-	27,468
<b>Golden Arrow Stock Fund- Common Management Company</b>		
Shares Sold by AKD Islamic Stock Fund to Golden Arrow Stock Fund	8,496	28,231
<b>Imran Motiwala - CEO of the Management Company</b>		
Issue of Nil units (2021: 7,312)	-	368
Redemption of 2,237 units (2021: Nil Units)	92	-
<b>Sehr Imran Motiwala - Spouse - CEO of the Management Company</b>		
Redemption of 22,415 units (2021: 30,551)	906	1,500
<b>Muhammad Yaqoob- Company Secretary and Chief Operating Officer</b>		
Redemption of 10,646 units (2021:10,646)	-	528
<b>Anum - Director &amp; Chief Investment Officer</b>		
Issue of 104,968 units (2021: NIL)	4,183	-
<b>M3 Technologies Pakistan Private Limited Employees Provident Fund</b>		
Issue of Nil units (2021: 122,103)	-	6,000

17.2 Balances outstanding at the period / year end	(Un-Audited) 30-Sep-2022	(Audited) 30-Jun-2022
	Rupees in '000	
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration payable	387	406
Sales Tax Provincial on Management Remuneration	50	53
Expenses allocated by the Management Company	97	91
Payable against formation cost	132	337
Sales Load payable	-	3
Outstanding 109,249 units (June 2022: 77,080 units)	4,250	3,120
<b>Digital Custodian Company Limited - Trustee</b>		
Remuneration payable	23	24
Sales tax on trustee remuneration payable	3	3
<b>Imran Motiwala-CEO of the Management Company</b>		
Outstanding Nil Units( June 2022: 2,237) Units	-	91
<b>Receivable / Payable against conversion of units</b>		
Payable against conversion of units - AKD Islamic Income Fund	550	-
<b>AKD Group Holding Private Limited (Formerly: Aqeel Karim Dhedhi Securities (Private) Limited) - Staff Provident Fund</b>		
Outstanding 200,000 units (June 2022: 200,000 units)	7,781	8,095
<b>Muhammad Farid Alam - Key Management Personnel of Associated Company</b>		
Outstanding 30,000 units (June 2022: 30,000 units)	1,167	1,214
<b>Anum Dhedhi - Chief Investment Officer &amp; Director of the Management Company</b>		
Outstanding 104,968 units (June 2022: Nil)	4,084	-
<b>Sehr Imran Motiwala - Spouse - CEO of the Management Company</b>		
Outstanding Nil units (June 2022: 22,415 units)	-	907
<b>Carrow Michael - Key Management Personnel of the Management Company</b>		
Outstanding units 196 (June 2022: 196 units)	8	8
<b>Toqir Hussain - Key Management Personnel of the Management Company</b>		
Outstanding 600 units (June 2022: 600 units)	23	24
<b>M3 Technologies Pakistan Private Limited Employees Provident Fund</b>		
Outstanding units 122,103 (June 2022:122,103)	4,750	4,942
<b>TPL Insurance Limited**- Connected person due to more than 10% holding</b>		
Outstanding 839,883 units (June 2022: 839,883 units)	32,676	33,993
** Current period connected party, prior period figures not shown		
<b>Nargis Shahid Soorty - Connected person due to more than 10% holding</b>		
Outstanding 871,254 units (June 2022: 871,254 units)	33,896	35,262

18. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

As at September 30, 2022						
Carrying Amount			Fair Value			
At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			----- (Rupees in '000) -----			
<b>ASSETS</b>						
Financial assets measured at fair value						
Investment	223,685	-	223,685	223,685	-	-
						223,685

As at June 30, 2022						
Carrying Amount			Fair Value			
At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			----- (Rupees in '000) -----			
<b>ASSETS</b>						
Financial assets measured at fair value						
Investment	250,736	-	250,736	250,736	-	-
						250,736

19. **DATE OF AUTHORISATION FOR ISSUE**

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

20. **CORRESPONDING FIGURES**

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

21. **GENERAL**

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



**AKD Investment  
Management Ltd.**

**Head Office:**

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

**Gulshan-e-Iqbal Branch:**

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

**Abbottabad Branch:**

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

**Lahore Branch:**

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

E-mail : [info@akdinvestment.com](mailto:info@akdinvestment.com)  
Website : [www.akdinvestment.com](http://www.akdinvestment.com)