

Half Yearly Report

December 31, 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

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*

* Resigned on February 21, 2023

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 INTERNAT AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW)

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)

Mr. Hasan Ahmed (Member)

Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW) (Secretary)

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

Ms. Aysha Ahmed (Chairperson)

Mr. Abdul Karim (Member)

Mr. Imran Motiwala (Member)

Ms. Anum Dhedhi (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 half yearly report along with the Funds' reviewed Financial Statements for the first half ended December 31, 2022.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1HFY23, the return of AKD Opportunity Fund stood at -5.01% compared to the benchmark KSE-100 Index return of -2.70%.

Golden Arrow Stock Fund (GASF)

For the 1HFY23, the return of Golden Arrow Stock Fund stood at -5.63% compared to the benchmark KSE-100 Index return of -2.70%.

AKD Islamic Stock Fund (AKDISSF)

For the 1HFY23, the return of AKD Islamic Stock Fund stood at -11.15% compared to the benchmark KMI-30 Index return of -0.71%.

AKD Index Tracker Fund (AKDITF)

For the 1HFY23, the return of AKD Index Tracker Fund stood at -3.15% compared to the benchmark KSE-100 Index return of -2.70%.

AKD Cash Fund (AKDCF)

For the 1HFY23, the annualized return of AKD Cash Fund stood at 14.98% compared to the benchmark return of 14.91%.

AKD Islamic Income Fund (AKDISIF)

For the 1HFY23, the annualized return of AKD Islamic Income Fund stood at 15.12% compared to the benchmark return of 5.37%.

AKD Aggressive Income Fund (AKDAIF)

For the 1HFY23, the annualized return of AKD Aggressive Income Fund stood at 7.21% as compared to the benchmark return of 16.42%.

MACRO PERSPECTIVE

The global economy witnessed a challenging year with growing international tensions among the most powerful nations after the invasion of Russia in Ukraine leading to soaring fuel related commodity prices and unprecedented inflationary pressures caused by supply shortages. On the flipside, the central banks across the world resorted to monetary tightening which resulted in the meltdown of commodity cycle from their recent highs.

Global spillovers did not spare the domestic market as Pakistan largely dependent on imported energy which eventually resulted in headline inflation peaking to 27% levels. The State Bank of Pakistan (SBP) in their last Monetary Policy Committee (MPC) also increased the interest rates to 17% (highest since 1996) to decelerate economic activity and resorted to measures such as import quotas and selective imports to control the external account. In addition, with the decreasing global demand, Pakistan's exports has also started to slow down with textile sector witnessing 20% reduction in exports.

During the course of the year, the country was plagued by intense political turmoil from the ouster of PM Imran Khan with a no confidence vote and Pakistan Democratic Movement (PDM) forming a coalition government of its own with Shahbaz as the new PM. Since then, issues like massive protests all over the country, appointment of the new COAS, and dissolution of assemblies further exacerbated the already feeble situation.

The Current Account Deficit (CAD) for the month of January 2023 clocked in at USD 242 million, down 17% MoM from USD 290 million in December 2022 taking the 7MFY23 CAD to USD 3.80 billion against USD 11.56 billion, down 67% YoY during the same period last year primarily due to decline in imports. The total Imports witnessed a decline of -23% YoY from USD 48.98 billion to USD 37.95 billion during 7MFY23 whereas the total exports also declined by -5% YoY from USD 21.69 billion to USD 20.63 billion. Furthermore, foreign workers continued to support the external account which also declined 11% YoY from USD 17.99 billion to USD 16.01 billion. On month on month basis, the imports and exports decreased by -8% while remittances decreased by -10% mainly due to fixation of exchange rate.

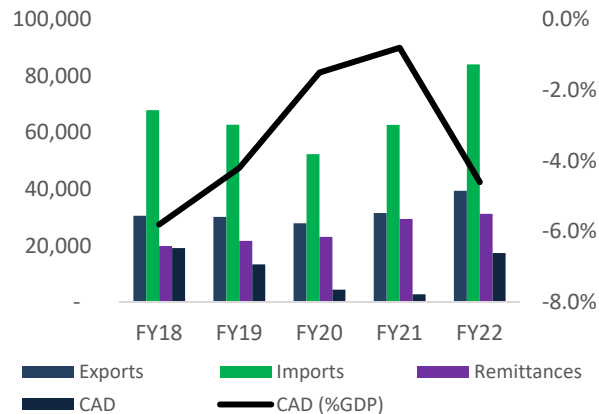
The Government's continued efforts to attract investments from Non-Resident Pakistanis also paid off, with an impressive inflow of USD 5.68 billion through Roshan Digital Accounts (RDA) with more than 520,000 accounts till January 2023.

Moreover, the FBR collected revenues worth PKR 3.96 trillion during 7MFY23 against 3,367 billion in SPLY as the Government's policy of shifting tax burden to wealthy and affluent segments of society. The FBR has managed to accomplish its targets despite the import compression and no imposition of sales tax on petroleum products is commendable.

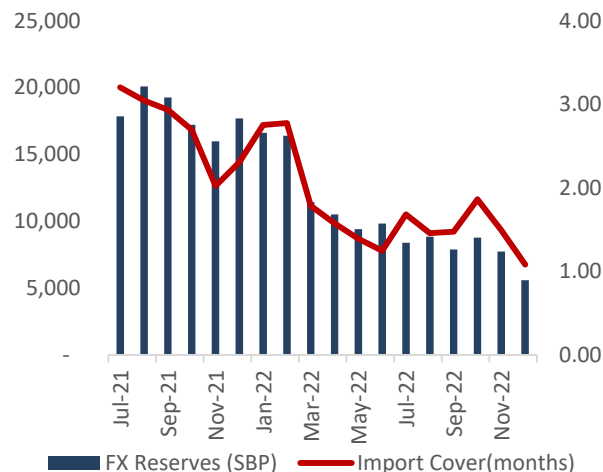
During the quarter under review, Pakistan's liquid foreign exchange reserves decreased by USD 4.57 billion. As of February 17, 2023, the Country's liquid foreign exchange reserves stood at USD 8.73 billion (SBP reserves USD 3.26 billion). We expect that aids and grants from bilateral partners like UAE, KSA and completion of the IMF 9th EEF review will provide the much needed respite to the dwindling reserves and enervating exchange rate.

The NCPI during the month of January 2023 clocked in at 27.55% YoY as compared to 24.47% YoY in December 2022. This took the 7MFY23 average NCPI to 25.40% compared to 10.26% during the SPLY. The main contributors to the increase in inflation are Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 0.36% MoM / 7.83% YoY because of the high energy prices. Inflation is expected to remain elevated during FY23 in the range of +30% owing to a likely increase in electricity/gas tariffs, GST, subsidies removal and announcement of the new mini-budget along with PKR depreciation in line with IMF program conditions.

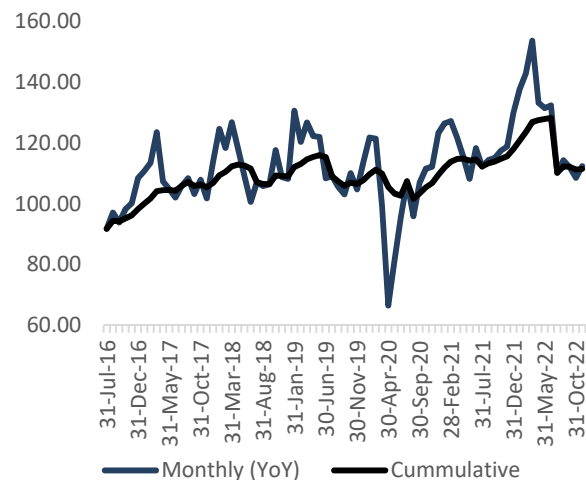
BALANCE OF PAYMENT



FX Reserves & Import Cover (mos)



LARGE SCALE MANUFACTURING INDEX



The Large scale manufacturing Index (LSMI) output declined by -3.51% in 1HFY23 compared to the SPLY as a result of expensive raw material costs in the light of currency devaluation, high interest rates, and global recession. Also, the restrictive measures adopted by the government and SBP led to slowdown in aggregate demand levels. The manufacturing sector roughly contributes to 9.2% to country's GDP and has been showing contraction since the beginning of FY23 (small scale manufacturing only contributes approximately 2% of GDP). On monthly basis, LSMI reading actually represented a staggering increase of 12.38% MoM.

EQUITY MARKET REVIEW

The Equity market (*KSE-100 index*) witnessed a grueling year closing at 40,420.45 level losing 1,928 MoM / 4,176 YoY points (*down 4.55% MoM / 9.36% YoY*). The market faced major setbacks in the form of extensive monetary tightening by 625 bps, cataclysmic floods that caused losses estimated at more than USD 40 billion, inflation peaked at 27%, diminishing FX reserves, and an ever-expanding current account deficit (*CAD*). On the flipside, investors gained some comfort from Pakistan's removal from the gray list of the FATF, as this was indeed a significant achievement for the country, along with the completion of the IMF's 8th review, and an impressive GDP growth of 5.97%.

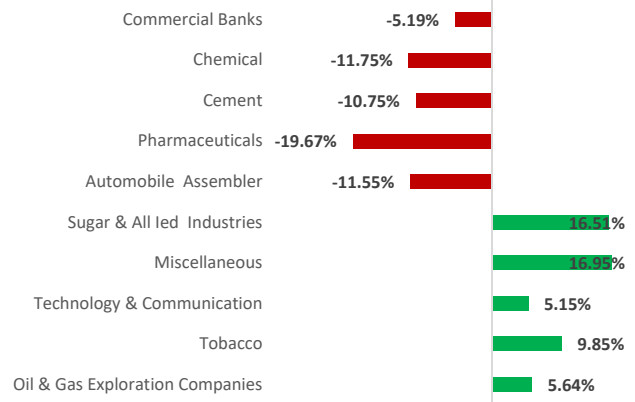
During 2QFY23, the sectors that took a toll on the KSE-100 index included Commercial Banks (-5.19%), Chemical (-11.75%), Cement (-10.75%), Pharmaceuticals (-19.67%), and Automobile Assembler (-11.55%). However, some breather was provided by Oil & Gas Exploration Companies (5.64%), Tobacco (9.85%), Technology & Communication (5.15%), Miscellaneous (16.95%), and Sugar & Allied Industries (16.51%).

On a 10Y period, the KSE -100 index yielded an annualized return of 9.11% (*-0.01% annualized in USD terms*), however, foreign investors were unable to capitalize on these gains due to the -8.36% annualized devaluation of the PKR. This is also reflected in the foreign investor sentiments as they have withdrawn USD 48.13 million in CY22 alone; however, foreigners have been on the sell side for several years, although the number is at its lowest in the past seven years.

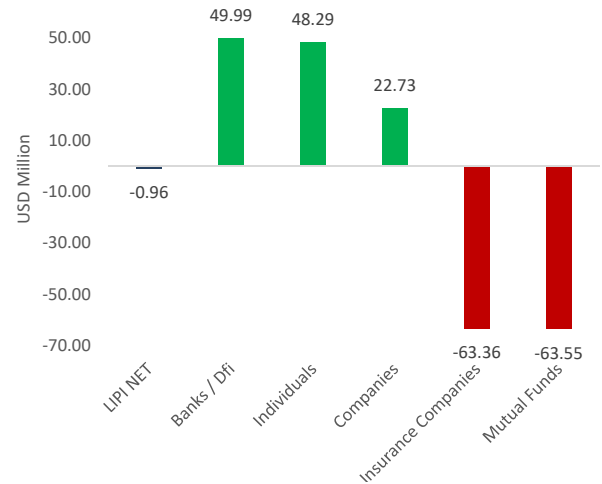
During 1HFY23 investor participation declined as volumes contracted by 36% YoY to PKR 218.54 million from PKR 340.88 million recorded during the same period last year. Furthermore, foreigners remained net buyers with inflows of USD 0.96 million. Major purchasing was witnessed in Technology and Communication (*USD 49.94 million*) and Oil and Gas Exploration Companies (*USD 11.13 million*) as foreigners went in to bag in dirt cheap valuations. On the local front, major selling was witnessed in Insurance Companies (*USD 63.36 million*) and Mutual Funds (*63.55 million*) as panic swayed away local investors.

The market continues to trade at exceedingly attractive multiples with Forward PE and PB of 3.08x and 0.57x with a discount of more than 40% as compared to their long-term averages. The market is also offering a healthy dividend yield of 11% which is the highest compared to its regional counterparts.

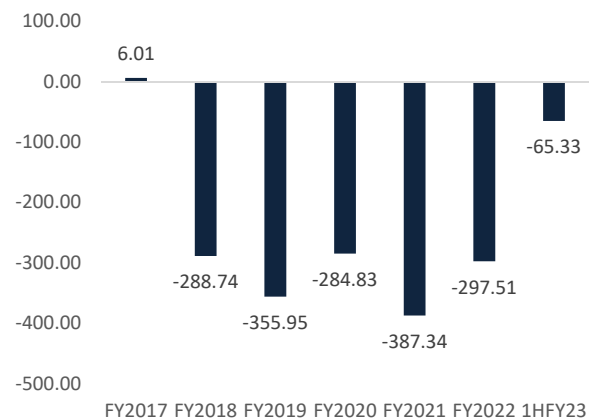
MARKET MOVERS



PORTFOLIO INVESTMENT



FIPI (USD Million)



FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 1HFY23

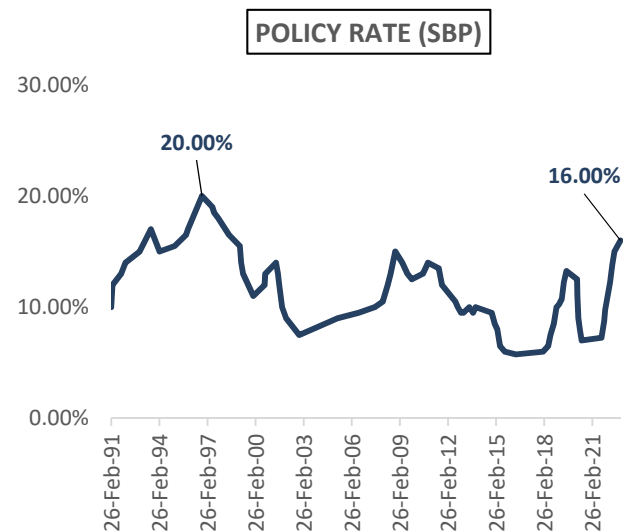
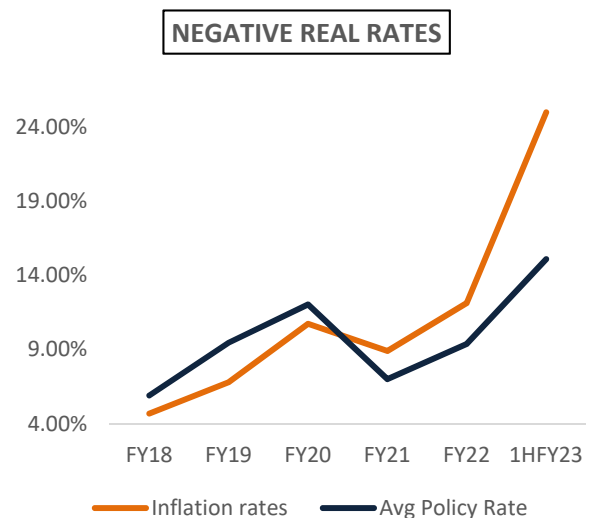
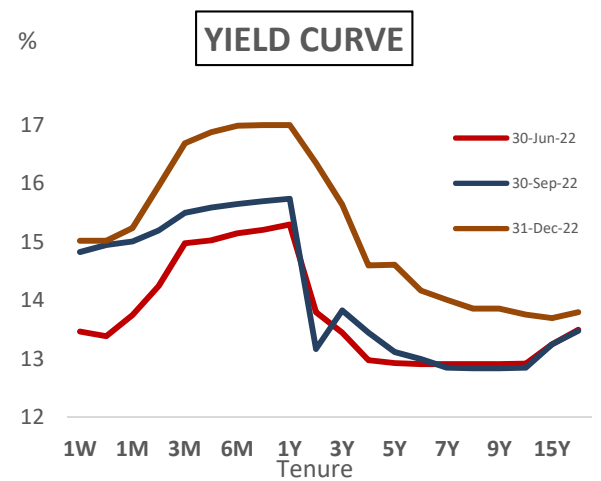
FIXED INCOME REVIEW

During 1HFY23, thirteen (13) Market Treasury Bill (MTB) auctions were carried out by the State Bank of Pakistan, where the government managed to raise PKR 9.78 trillion against the auction target of PKR 10.75 trillion. Weighted average yield of 3, 6 and 12 months MTB were 15.87%, 15.85% and 15.92% respectively, up by 778 bps, 748 bps and 768 bps as compared to 8.09%, 8.37% and 8.25% same period last year.

To further address the need of liquidity, SBP also conducted six (6) auctions of fixed rate Pakistan Investment Bond (PIB) and was successful in raising PKR 942.58 billion. The weighted average yield for 3, 5 and 10 year PIBs increased by 460 bps, 366 bps and 280 bps to 13.85%, 13.24% and 12.97% respectively, as compared to 9.25%, 9.58% and 10.17% same period last year.

The Monetary Policy Committee (MPC) announced four (4) Monetary Policy Statements during 1HFY23, increasing the policy rate by 225 bps to 16.00% to address inflationary pressure (6MFY23 average NCPI: 25.02%) and contain risk to external stability. Furthermore, SBP conducted 68 Open Market Operations (OMO) of different maturities and injected PKR 22.36 trillion in the market at an average cut off yield of 15.37% and mopped-up PKR 3.49 trillion at an average cut off yield of 15.03%.

As per the auction target calendar for January – March 2023, the SBP targets to raise PKR 4.80 trillion by issuing 3 to 12 months tenor MTB against maturing amount of PKR 4.45 trillion. In addition, SBP also targets to raise PKR 300 billion through 3 to 30 years tenor fixed rate PIB and PKR 720 billion through 2 to 10 years floating rate PIB.



FUTURE OUTLOOK

As we step into CY23, underlying key themes expected to remain center stage include the IMF's staff level agreement of the 9th EEF review, geo-strategic investment from bilateral partners, exchange rate volatility amid restricted imports and reversal in commodity super cycle prices specially energy/power related. On the political front, uncertainties are likely to subside as the current government draws closer to the end of its tenure and clarity on the timing of the next general elections are expected, following which political narratives should improve.

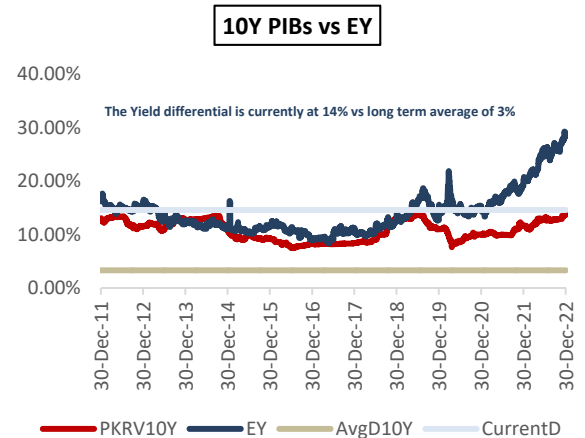
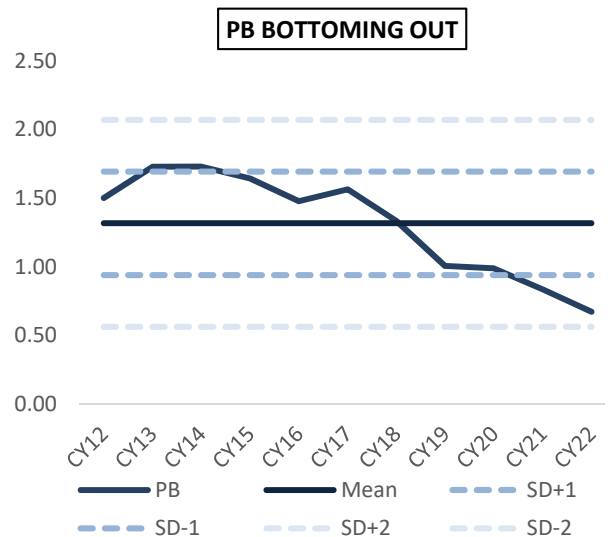
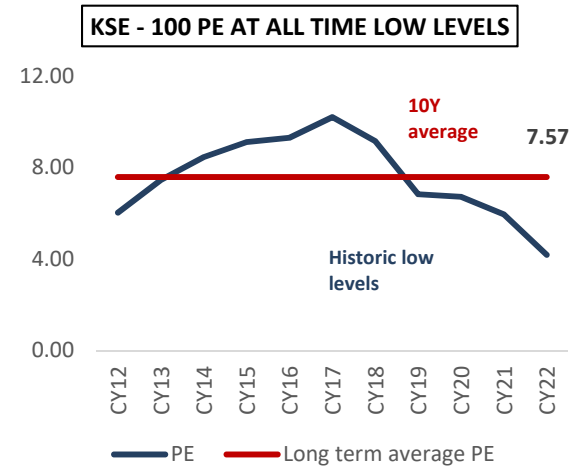
As per the figures provided by IMF and SBP, Pakistan requires approximately USD 34 billion in FY23 to prevent default and meet its debt obligations and external deficit. However, we believe that a sovereign default is not likely to happen as rescue from bilateral and multilateral partners have already started to come in along with the government willfully working towards meeting all IMF requirements. However, the tensions surrounding the shrinking FX reserves may continue with an import cover of just a few weeks which may keep the bulls in check.

The government presented their Finance Supplementary Bill 2023 on February 15, 2023 to introduce additional taxation measures worth PKR 170 billion. The government took some hard but necessary steps, even jeopardizing their political capital in order to achieve the IMF financing. The main highlights of the mini-budget were a gas tariff hike of 112%, increase of GST from 17% to 18%. Moreover, the sales tax on luxury items has been increased by 8%. FED has also been increased on cements, cigarettes, business class air travel and selected beverages. The approval of the mini-budget is supposedly last nail in the coffin to secure IMF round of financing.

Reportedly GDP growth is still expected at around 2% for the current fiscal year despite major economic slowdown. Moreover, the Current Account and Fiscal deficits are expected to be around 3% and 5% of GDP limits in line with SBP estimates. Conversely, analysts believe inflation will ease around to 11-14% levels in 3QCY23 potentially much lower than SBP's forecasts of 21-23%, as the high base effect plays out. However, high frequency indicators such as auto, cement and OMC sales may remain in pressure during 2HFY23.

The next monetary policy is expected to be held on March 16, 2023, however, we are anticipating an increase in policy rate of 100-200bps ahead of its regular timeline as signaled by the latest MTBs auction where 1Y yields touched 19.79%. The reason for a surprise rate hike is expected inflation to reach +30% levels because of soaring fuel and energy prices as per the IMF pre-conditions.

With all that being said, despite major challenges we still remain optimistic on Equities. Our bullish view stems from exceptional fundamentals where most stocks are trading at dirt cheap valuations. The index is trading at a PE multiple of 3.08x below the 2008 global financial crisis level. The dividend yield is attractive at 11% which is the highest in the region enough to probably attract foreign investment as also witnessed by the recent month's inflows. The profit rate offered on 10Y PIBs is 15% against the Earnings Yield of 32%. The yield differential is currently at 17% against its long term average of 3% which again suggests that major trend reversal is due on the upside. We believe that the market currently serves as a striking entry point for long term investors.



For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: February 24, 2023

FUND INFORMATION

AKD Islamic Income 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-AKDISIF

PACRA: AA-(f)

FUND MANAGER'S REPORT

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

Open – end Islamic Income Scheme

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

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

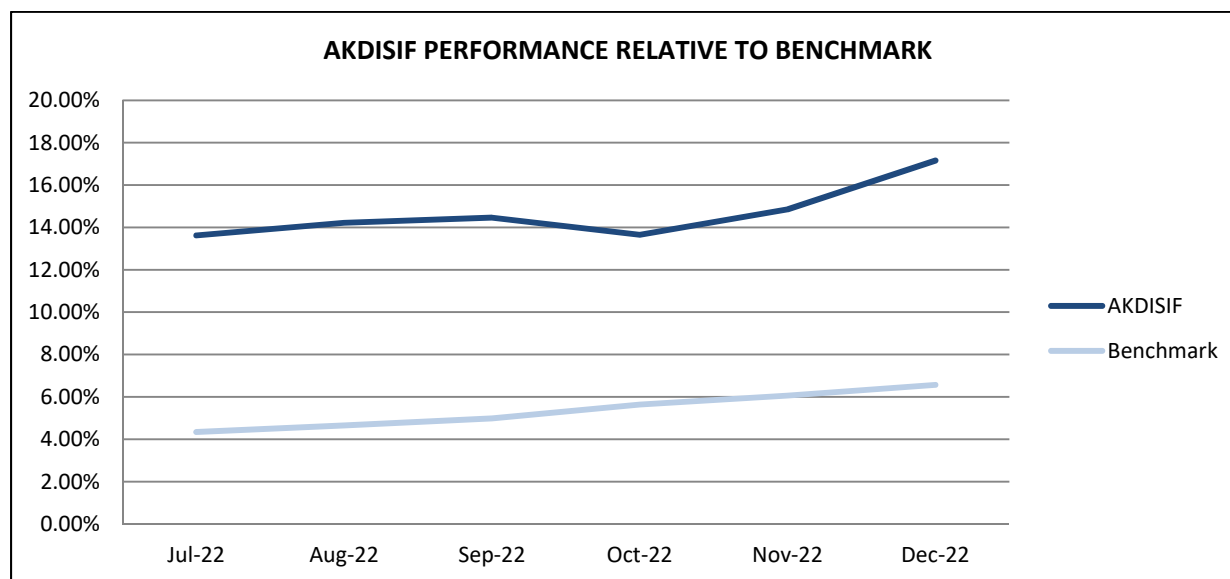
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1HFY23, the annualized return of AKD Islamic Income Fund stood at 15.12% compared to the benchmark return of 5.37%.

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

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

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



Monthly yield (annualized)	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
AKDISIF	13.62%	14.22%	14.46%	13.65%	14.85%	17.16%
Benchmark	4.34%	4.65%	4.98%	5.64%	6.06%	6.57%

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

AKD Islamic Income Fund is an Open – end Islamic Income Scheme. The returns of the fund are generated primarily through investment in Shariah Complaint debt securities and Islamic bank deposits. AKDISIF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

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

Asset Allocation (% of Total Assets)	31-Dec-22	30-Sep-22
Cash and Cash Equivalents	37.97%	34.19%
Sukuk	34.34%	31.88%
Commercial Papers / STS	25.80%	29.27%
Spread Transactions	-	-
Other Assets including Receivables	1.89%	4.66%

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

1HY23 Return (annualized)	15.12%
Benchmark Return (annualized)	5.37%

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

Net Assets Value		Change in Net Assets	NAV Per Unit	
31-Dec-22	30-Sep-22		31-Dec-22	30-Sep-22
(Rupees in 000)			(Rupees)	
883,759	968,430	-8.74%	54.4518	52.4149

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

MACRO PERSPECTIVE

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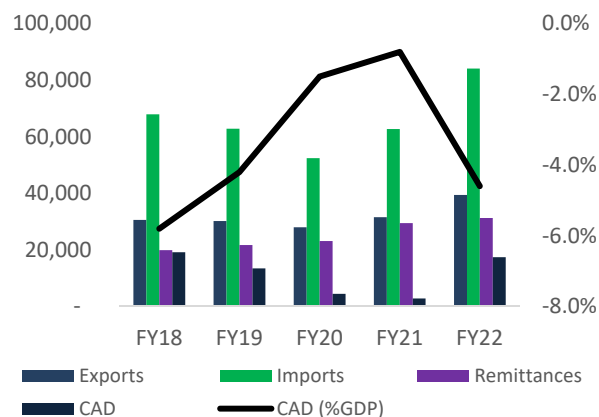
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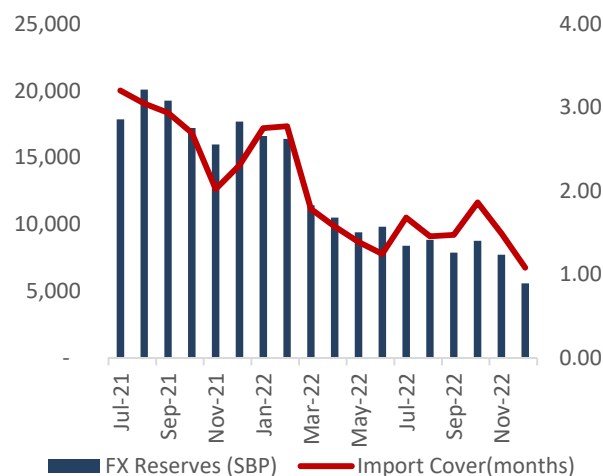
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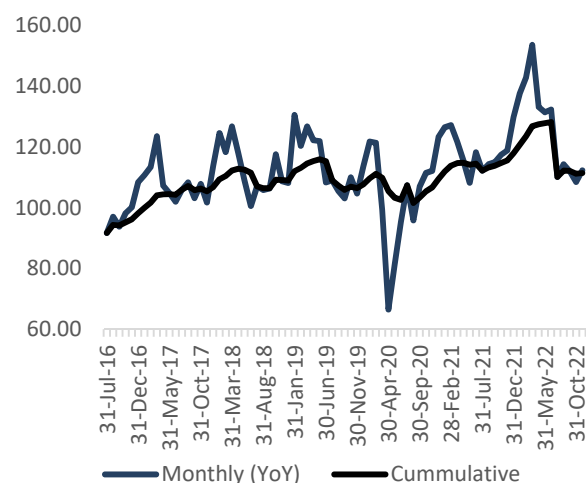
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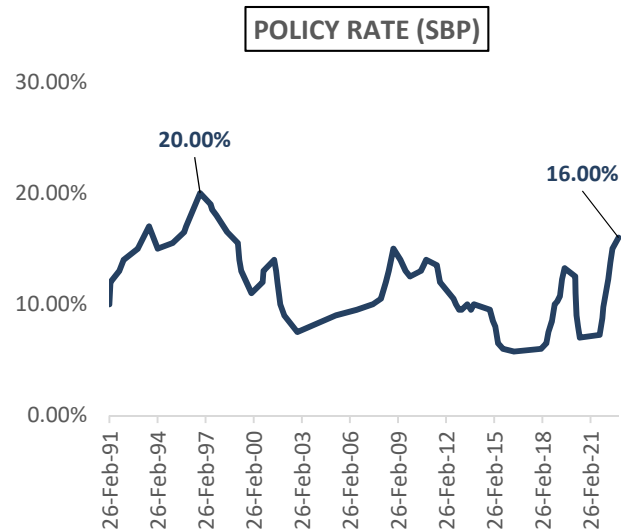
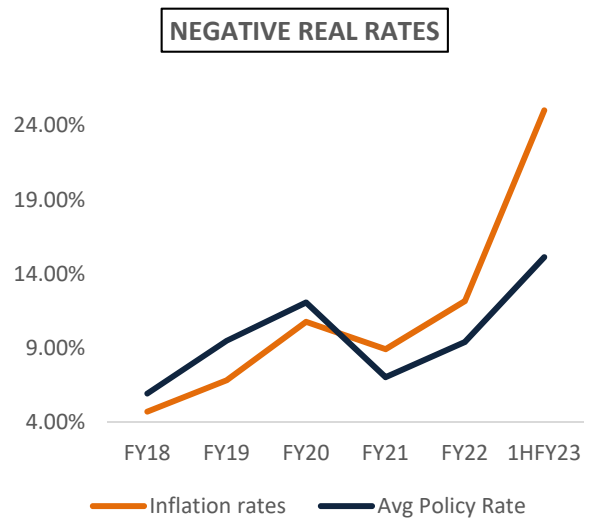
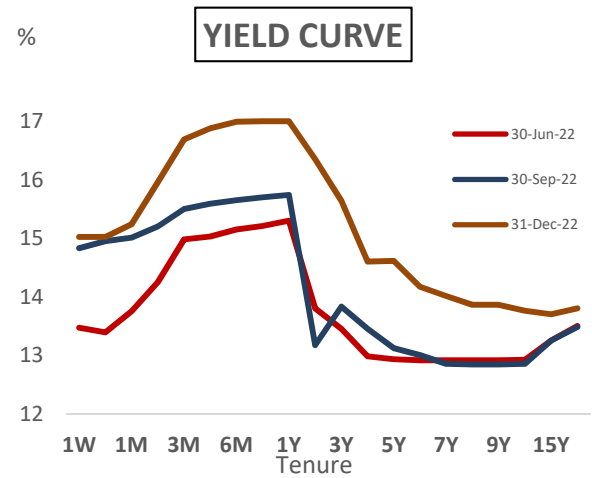
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To further address the need of liquidity, SBP also conducted six (6) auctions of fixed rate Pakistan Investment Bond (PIB) and was successful in raising PKR 942.58 billion. The weighted average yield for 3, 5 and 10 year PIBs increased by 460 bps, 366 bps and 280 bps to 13.85%, 13.24% and 12.97% respectively, as compared to 9.25%, 9.58% and 10.17% same period last year.

The Monetary Policy Committee (MPC) announced four (4) Monetary Policy Statements during 1HFY23, increasing the policy rate by 225 bps to 16.00% to address inflationary pressure (6MFY23 average NCPI: 25.02%) and contain risk to external stability. Furthermore, SBP conducted 68 Open Market Operations (OMO) of different maturities and injected PKR 22.36 trillion in the market at an average cut off yield of 15.37% and mopped-up PKR 3.49 trillion at an average cut off yield of 15.03%.

As per the auction target calendar for January – March 2023, the SBP targets to raise PKR 4.80 trillion by issuing 3 to 12 months tenor MTB against maturing amount of PKR 4.45 trillion. In addition, SBP also targets to raise PKR 300 billion through 3 to 30 years tenor fixed rate PIB and PKR 720 billion through 2 to 10 years floating rate PIB.



FUTURE OUTLOOK

As we step into CY23, underlying key themes expected to remain center stage include the IMF's staff level agreement of the 9th EEF review, geo-strategic investment from bilateral partners, exchange rate volatility amid restricted imports and reversal in commodity super cycle prices specially energy/power related. On the political front, uncertainties are likely to subside as the current government draws closer to the end of its tenure and clarity on the timing of the next general elections are expected, following which political narratives should improve.

As per the figures provided by IMF and SBP, Pakistan requires approximately USD 34 billion in FY23 to prevent default and meet its debt obligations and external deficit. However, we believe that a sovereign default is not likely to happen as rescue from bilateral and multilateral partners have already started to come in along with the government willfully working towards meeting all IMF requirements. However, the tensions surrounding the shrinking FX reserves may continue with an import cover of just a few weeks which may keep the bulls in check.

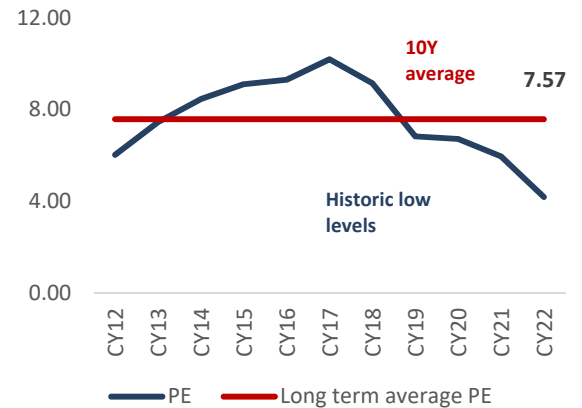
The government presented their Finance Supplementary Bill 2023 on February 15, 2023 to introduce additional taxation measures worth PKR 170 billion. The government took some hard but necessary steps, even jeopardizing their political capital in order to achieve the IMF financing. The main highlights of the mini-budget were a gas tariff hike of 112%, increase of GST from 17% to 18%. Moreover, the sales tax on luxury items has been increased by 8%. FED has also been increased on cements, cigarettes, business class air travel and selected beverages. The approval of the mini-budget is supposedly last nail in the coffin to secure IMF round of financing.

Reportedly GDP growth is still expected at around 2% for the current fiscal year despite major economic slowdown. Moreover, the Current Account and Fiscal deficits are expected to be around 3% and 5% of GDP limits in line with SBP estimates. Conversely, analysts believe inflation will ease around to 11-14% levels in 3QCY23 potentially much lower than SBP's forecasts of 21-23%, as the high base effect plays out. However, high frequency indicators such as auto, cement and OMC sales may remain in pressure during 2HFY23.

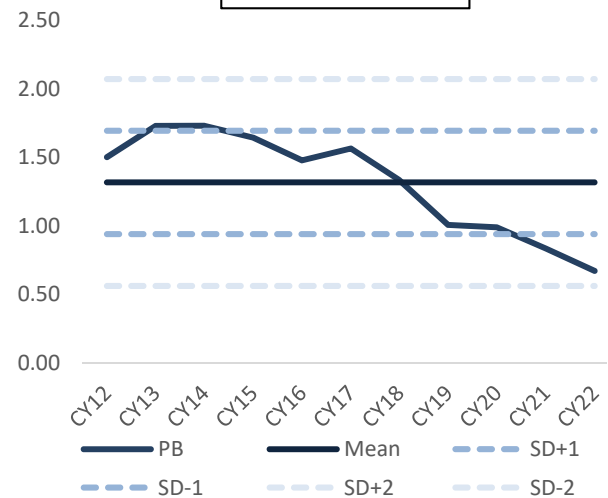
The next monetary policy is expected to be held on March 16, 2023, however, we are anticipating an increase in policy rate of 100-200bps ahead of its regular timeline as signaled by the latest MTBs auction where 1Y yields touched 19.79%. The reason for a surprise rate hike is expected inflation to reach +30% levels because of soaring fuel and energy prices as per the IMF pre-conditions.

With all that being said, despite major challenges we still remain optimistic on Equities. Our bullish view stems from exceptional fundamentals where most stocks are trading at dirt cheap valuations. The index is trading at a PE multiple of 3.08x below the 2008 global financial crisis level. The dividend yield is attractive at 11% which is the highest in the region enough to probably attract foreign investment as also witnessed by the recent month's inflows. The profit rate offered on 10Y PIBs is 15% against the Earnings Yield of 32%. The yield differential is currently at 17% against its long term average of 3% which again suggests that major trend reversal is due on the upside. We believe that the market currently serves as a striking entry point for long term investors.

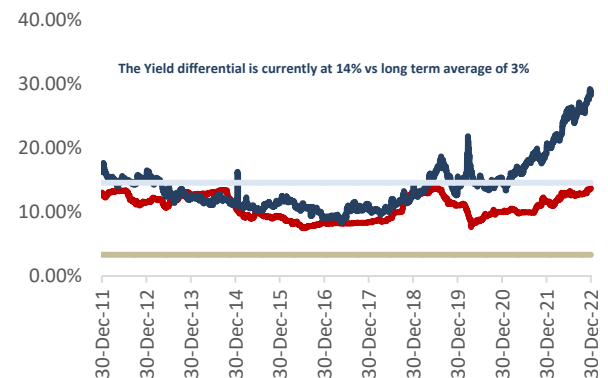
KSE - 100 PE AT ALL TIME LOW LEVELS



PB BOTTOMING OUT



10Y PIBs vs EY



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

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

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

Range (Units)	No. of Investors
0.0001 to 9,999	1282
10000 to 49999	61
50,000 - 99,999	24
100,000 - 499,999	22
500,000 and above	7
Total	1,396

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

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



#MonetizeYourAssets

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AKD ISLAMIC INCOME FUND

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

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

1. AKD Investment Management Limited, the Management Company of AKD Islamic Income Fund has, in all material respects, managed AKD Islamic Income Fund during the period ended December 31st, 2022 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement


Faisal Amin
Authorize Signatory
Digital Custodian Company Limited

Karachi: February 23, 2023

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/ digitalcustodian

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Riaz Ahmad & Company

Chartered Accountants

AKD INVESTMENT MANAGEMENT LIMITED
AKD ISLAMIC INCOME FUND

CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX-MONTHS PERIOD ENDED
31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Unit Holders of AKD Islamic Income Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of AKD Islamic Income Fund (here-in-after referred to as the "Fund") as at 31 December 2022, and the related condensed interim income statement, condensed interim statement of comprehensive income, and condensed interim statement of cash flows, condensed interim statement of movement in Unit Holders' fund and notes to the condensed interim financial information (here-in-after referred to as "condensed interim financial information") for the six-months period then ended. The Management Company (AKD Investment Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim statement of cash flows for the three-months period ended 31 December 2022 and 31 December 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

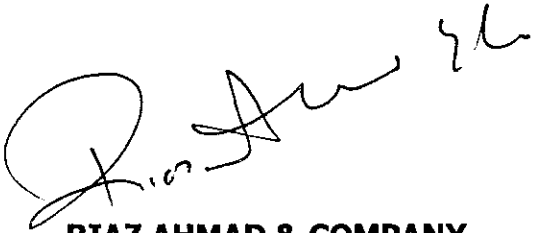
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six-months period ended 31 December 2022 is not prepared in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Riaz Ahmad & Company

Chartered Accountants

Other Matter

The condensed interim financial information of the Fund for the period ended 31 December 2021 and annual financial statement of the Fund for the year ended 30 June 2022 have been reviewed and audited by another firm of chartered accountants who vide their reports dated 25 February 2022 and 29 September 2022 expressed an unmodified conclusion and opinion thereon respectively.



RIAZ AHMAD & COMPANY
Chartered Accountants

Engagement Partner:
Junaid Ashraf

KARACHI


DATE: 27 February 2023
UDIN: RR202210045g6tMidxYS

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2022

		(Unaudited) 31 December 2022	(Audited) 30 June 2022
	Note	----- (Rupees in 000) -----	
ASSETS			
Bank balances	4	338,527	336,944
Investments	5	536,186	533,288
Profit and dividend receivable	6	14,013	18,815
Deposits, prepayments and other receivables	7	2,785	2,864
Preliminary expenses and floatation cost	8	39	183
Receivable against sale / conversion of units		-	6,387
Total Assets		891,550	898,481
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	764	980
Payable to the Digital Custodian Company Limited -Trustee	10	102	98
Payable to Securities and Exchange Commission of Pakistan	11	90	159
Accrued expenses and other liabilities	12	988	4,371
Payable against redemption / conversion of units		5,847	-
Total liabilities		7,791	5,608
NET ASSETS		883,759	892,873
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		883,759	892,873
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		16,230,117	17,647,089
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		54.4518	50.5961

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2022

	Note	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
		2022	2021	2022	2021
Income					
Capital (loss) / gain on sale of investments classified as 'at fair value through profit or loss'		(2,857)	6,831	(2,857)	1,116
Net unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss'	5.3	(586)	(3,634)	(122)	(2,326)
Unrealised loss on future contract		-	-	-	(2,705)
Income from sukuk certificates		28,470	11,502	14,678	6,034
Income from security margin		16	181	16	45
Income from commercial paper		18,465	1,286	8,518	1,286
Income from term deposit receipts		-	339	-	339
Other income		-	1,491	-	-
Dividend income		3,259	1,683	3,259	1,655
Profit on bank deposits		23,590	13,520	11,439	7,921
Total income		70,357	33,199	34,931	13,365
Expenses					
Remuneration of the AKD Investment Management Limited - Management company	9.1	1,807	1,639	859	837
Sindh sales tax on remuneration of the Management Company	9.2	235	213	112	109
Remuneration of Digital Custodian Company Limited - Trustee	10.1	542	492	258	251
Sindh sales tax on the remuneration of trustee	10.2	70	64	33	33
Annual fee to the Securities and Exchange Commission of	11.1	90	82	43	42
Expenses allocated by the Management Company	9.3	892	615	536	314
Auditor's remuneration		126	117	63	58
Settlement and bank charges		37	148	30	41
Amortisation of preliminary expenses and floatation costs		144	144	73	72
Securities transaction cost		100	991	100	122
Fee and subscription		417	401	247	207
Printing and related cost		-	76	-	38
Legal and professional charges		109	393	21	134
Charity		175	162	175	157
Total expenses		4,744	5,537	2,550	2,415
Net income for the period before taxation		65,613	27,662	32,381	10,950
Taxation	15	-	-	-	-
Net income for the period after taxation		65,613	27,662	32,381	10,950
Allocation of net income for the period					
Net income for the period after taxation		65,613	27,662	32,381	10,950
Income already paid on units redeemed		(14,072)	(7,477)	(11,141)	(6,468)
		51,541	20,185	21,240	4,482
Accounting income available for distribution					
Relating to capital gains		-	3,197	-	-
Excluding capital gains		51,541	16,988	21,240	4,482
		51,541	20,185	21,240	4,482

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2022

	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	65,613	27,662	32,381	10,950
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	65,613	27,662	32,381	10,950

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.


For AKD Investment Management Limited
(Management Company)



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

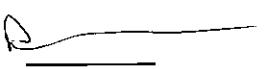
AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022


	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
	2022	2021	2022	2021
Note ----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	65,613	27,662	32,381	10,950
Adjustments for non cash and other items:				
Dividend income	(3,259)	(1,683)	(3,259)	(1,655)
Other income	-	(1,491)	-	-
Amortisation of preliminary expenses and floatation costs	144	144	73	72
Net unrealised diminution on re-measurement of investment classified as at fair value through profit or loss	586	3,634	122	2,326
	63,084	28,266	29,317	11,693
Decrease / (increase) in assets				
Profit and dividend receivable	4,802	(3,219)	15,327	(1,065)
Deposits, prepayments and other receivables	79	26,636	6,444	47,871
Net decrease in assets during the period	4,881	23,417	21,771	46,806
(Decrease) / increase in liabilities				
Payable to AKD Investment Management Limited Management Company	(216)	(171)	66	(248)
Payable to the Digital Custodian Company Limited -Trustee	4	10	(5)	(4)
Payable to Securities and Exchange Commission of Pakistan	(69)	(2)	42	42
Accrued expenses and other liabilities	(3,383)	(1,611)	121	(7,725)
Net (decrease) / increase in liabilities	(3,664)	(1,774)	224	(7,935)
Dividend received	3,259	(1,683)	3,259	(1,655)
Investment- net	(3,484)	27,039	57,105	53,734
Net cash flow from operating activities	64,076	76,948	111,676	104,298
CASH FLOWS FROM FINANCING ACTIVITIES				
Amount received on issue of units	705,254	835,711	414,385	461,219
Payment against redemption of units	(767,747)	(877,428)	(519,203)	(607,839)
Net cash used in financing activities	(62,493)	(41,717)	(104,818)	(146,620)
Net increase / (decrease) in cash and cash equivalents	1,583	35,231	6,858	(42,322)
Cash and cash equivalents at beginning of the period	336,944	261,069	331,669	338,622
Cash and cash equivalents at end of the period 4	338,527	296,300	338,527	296,300

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR



CHIEF FINANCIAL OFFICER

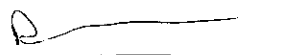
AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

	Six-Months Period Ended 31 December 2022			Six-Months Period Ended 31 December 2021		
	Capital value	Undistrib- uted income	Total	Capital value	Undistrib- uted income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	886,157	6,716	892,873	719,616	4,273	723,889
Issue of 13,307,949 (2021: 16,229,337) units						
- Capital value (at Ex-net asset value per unit at the beginning of period)	673,330	-	673,330	818,646	-	818,646
- Element of income	25,537	-	25,537	17,379	-	17,379
Total proceeds on issuance of units	698,867	-	698,867	836,025	-	836,025
Redemption of 14,724,921 (2021:17,026,742) units						
- Capital value (at Ex-net asset value per unit at the beginning of period)	(745,023)	-	(745,023)	(858,869)	-	(858,869)
- Amount paid out of element of income relating to net income for the period after taxation	-	(14,072)	(14,072)	-	(7,477)	(7,477)
- Element of loss	(14,499)	-	(14,499)	(13,519)	-	(13,519)
Total payments on redemption of units	(759,522)	(14,072)	(773,594)	(872,388)	(7,477)	(879,865)
Total comprehensive income for the period	-	65,613	65,613	-	27,662	27,662
Net assets at end of the period	825,502	58,257	883,759	683,253	24,458	707,711
Undistributed income brought forward						
- Realised income		9,488			963	
- Unrealised (loss) / income		(2,772)			3,310	
		6,716			4,273	
Accounting income available for distribution						
- Relating to capital gains		-			3,197	
- Excluding capital gains		51,541			16,988	
Net profit for the period		51,541			20,185	
Undistributed income carried forward		58,257			24,458	
Undistributed income carried forward						
- Realised income		58,843			28,092	
- Unrealised loss		(586)			(3,634)	
		58,257			24,458	
Net assets value per unit at beginning of the period		50.5961			50.4424	
Net assets value per unit at end of the period		54.4518			52.2165	

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD ISLAMIC INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Income Fund (the Fund) was established under a Trust Deed, executed between AKD Investment Management Limited (AKDIML) as the Management Company and Digital Custodian Company limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on 30 May 2017. The Initial Public Offering (IPO) of the Fund was made during the period from 19 February 2018 to 20 February 2018 and the Fund commenced operations from 21 February 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. 19 February 2018.

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

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

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated 30 June 2022. The Fund has been given performance ranking of 'AA-(f)' by PACRA on 02 September 2022.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standards (IAS-34), Interim Financial Reporting, 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, part VIIIA of the repealed Companies Ordinance 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement 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 requirements of the Trust Deed differ from the IAS 34, 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.

8

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the IAS-34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 30 June 2022.

2.1.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at 31 December 2022.

2.2 Basis of measurement

This financial information has been prepared under the historical cost convention, except that investments, other than commercial papers, are measured at fair value.

2.3 Functional and presentation currency

This condensed interim financial information are presented in Pakistani Rupees which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS, FINANCIAL RISK MANAGEMENT AND CHANGES THEREIN

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

3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards and requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 30 June 2022.

3.3 There are certain amended existing standards and interpretations on accounting and reporting standards that are effective during the period but are considered not to be relevant to the Fund's operations and do not have any significant impact on the Fund's operations and therefore not disclosed in this condensed interim financial information.

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

	Note	(Unaudited) 31 December 2022 ----- (Rupees in '000) -----	(Audited) 30 June 2022
4. BANK BALANCES			
Saving accounts	4.1	<u>338,527</u>	<u>336,944</u>
4.1 Mark-up rates on these accounts range between 14.5% to 15.5% per annum (30 June 2022: 12.25% to 15% per annum).			
5. INVESTMENTS			
At fair value through profit or loss			
- Sukuk certificates	5.1	306,186	324,288
At amortised cost			
- Commercial paper - unlisted / short term sukuk (STS)	5.2	230,000	209,000
		<u>536,186</u>	<u>533,288</u>

5.1 Sukuk certificates

Name of investee company	Rate of return per annum (%)	Number of certificates			Carrying value as at 31 December 2022	Market value as at 31 December 2022	Unrealised appreciation / (diminution) as at 31 December 2022	Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchased during the period		As at 31 December 2022					
		As at 01 July 2022	Sold / matured during the period	As at 31 December 2022					
Sukuk certificates - listed									
Energyco PK Limited	16.77%	150	-	150	1,253	(67)	0.14%	0.23%	
TPL Trakker Limited	20.06%	115	-	115	83,471	(64)	9.44%	15.57%	
TPL Corporation Limited	19.30%	1,150	-	1,150	115,000	-	13.01%	21.45%	
Sukuk certificates - unlisted									
Hub Power Company Limited	14.29%	250	-	250	19,470	(392)	2.16%	3.56%	
Hub Power Holdings Limited	18.34%	300	-	300	30,268	268	3.42%	5.65%	
Mughal Iron & Steel Industries Limited	18.27%	10	-	10	8,266	(150)	0.92%	1.51%	
Pakistan International Airlines Corporation Limited	17.53%	10,000	-	10,000	49,181	(181)	5.54%	9.14%	
Total as at 31 December 2022				306,772	306,186	(586)			
Total as at 30 June 2022					327,060	(2,772)			

5.1.1 Significant terms and conditions of listed sukuk certificates are as follows:

Name of investee company	Face value per certificate (Rupees)	Redeemed Face value per certificate (Rupees)	Markup rate	Issue date	Maturity date	Secured / Unsecured	Rating
Sukuk certificates - listed							
Energyco PK Limited	100,000	8,333	3 months KIBOR + 1.05%	18-Jan-17	18-Jan-23	Secured	AAA
TPL Trakker Limited	1,000,000	722,222	3 months KIBOR + 3.00%	30-Mar-21	30-Mar-26	Secured	A+
TPL Corporation Limited	100,000	100,000	3 months KIBOR + 2.25%	23-Jun-22	23-Jun-27	Secured	AA-
Sukuk certificates - unlisted							
Mughal Iron & Steels Industries Limited	1,000,000	812,500	3 months KIBOR + 1.30%	02-Mar-21	02-Mar-26	Secured	A+
Hub Power Company Limited	100,000	75,000	1 year KIBOR + 1.90%	19-Mar-20	19-Mar-24	Secured	AA+
Hub Power Holdings Limited	100,000	100,000	6 months KIBOR + 2.50%	12-Nov-20	12-Nov-25	Secured	AA+
Pakistan International Airlines Corporation Limited	5,000	5,000	1 months KIBOR + 1.00%	26-Jul-21	26-Jul-31	Secured	AAA

5.2 Commercial paper - Unlisted / short term sukuks (STS)

Name of investee company	Profit rate	Issue date	Maturity date	Face Value	Carrying Value	Markup rate	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments	Rating
Commercial paper - Unlisted / short term sukuks (STS)									
China Power Hub Generation Company (Private) Limited	17.06%	28-Jul-22	30-Jun-23	25,000	25,000	6 Month KIBOR + 135 bps	2.83%	4.66%	AA+
K-Electric Limited	17.24%	10-Aug-22	10-Feb-23	50,000	50,000	6 Month KIBOR + 135 bps	5.66%	9.33%	AA
Nishat Mills Limited.	16.66%	01-Nov-22	01-May-23	25,000	25,000	3 Month KIBOR + 90 bps	2.83%	4.66%	AA
China Power Hub Generation Company (Private) Limited	18.42%	07-Jun-23	07-Jun-23	50,000	50,000	6 Month KIBOR + 145 bps	5.66%	9.33%	AA+
K-Electric Limited	18.34%	13-Dec-22	13-Jun-23	40,000	40,000	6 Month KIBOR + 140 bps	4.53%	7.46%	AA
Lucky Electric Power Company Limited	18.31%	14-Dec-22	14-Jun-23	40,000	40,000	6 Month KIBOR + 135 bps	4.53%	7.46%	AA
Total as at 31 December 2022				230,000	230,000				
Total as at 30 June 2022					209,000	209,000			

		(Unaudited) 31 December 2022	(Audited) 30 June 2022
	Note	----- (Rupees in '000) -----	
5.3	Net unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss'		
	Market value of investments	5.1 306,186	324,288
	Carrying amount of investments	5.1 (306,772)	(327,060)
		(586)	(2,772)
6.	PROFIT AND DIVIDEND RECEIVABLE		
	Profit receivable on:		
	- Sukuk certificates	2,465	10,147
	- Commercial paper / short term sukuks (STS)	7,305	4,699
	- Bank deposits	4,243	3,969
		14,013	18,815
7.	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Security deposits with:		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Prepaid annual listing fee	14	-
	Shariah advisor fee	45	210
	Prepaid rating fee	72	-
	Advance tax	7.1 54	54
		2,785	2,864
7.1	As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150. However, uptill period ended 31 December 2020, withholding tax on profit on debt and dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II - 66417- R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not presented before him by the withholder.		
8.	PRELIMINARY EXPENSES AND FLOATATION COST		
	Cost	1,433	1,433
	Accumulated amortisation		
	Opening balance	(1,250)	(963)
	Amortisation during the period / year	8.1 (144)	(287)
	Closing balance	(1,394)	(1,250)
		39	183
8.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.		
9.	PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Management fee	9.1 300	290
	Sindh sales tax on management fee	9.2 39	38
	Expenses allocated by the management company	9.3 188	109
	Formation cost	184	471
	Others	53	72
		764	980

- 9.1 The Management Company charged remuneration at the rate of 0.40% (30 June 2022: 0.40%) per annum of the daily average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 9.2 Sindh sales tax at the rate of 13% (30 June 2022: 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% in 1st quarter & 0.25% in 2nd quarter (30 June 2022: 0.15%) per annum of the daily average annual net assets of the Fund.

	Note	(Unaudited) 31 December 2022 ----- (Rupees in '000) -----	(Audited) 30 June 2022
10. PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE			
Trustee fee	10.1	90	87
Sindh sales tax on trustee fee	10.2	12	11
		102	98

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

The tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
Upto Rs 1 billion	0.12% of Net Assets
Exceeding Rs 1 billion and up to Rs.5 billion	Rs. 1.2 million plus 0.065% per annum of daily average net assets of the Fund exceeding Rs. 1 billion.
Net assets exceeding Rs. 3 billion	Rs. 3.8 million plus 0.06% per annum of daily average net assets of the Fund exceeding Rs. 5 billion.

- 10.2 Sindh sales tax at the rate of 13% (30 June 2022: 13%) on gross value of management fee under the provisions of Sindh sales tax on Services Act, 2011.

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee payable to SECP	11.1	90	159
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- 11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, all Collective Investment Schemes are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (30 June 2022: 0.02%) of the average annual net assets of the scheme.

12. ACCRUED AND OTHER LIABILITIES

Auditor's remuneration	126	185
NCC fee payable	26	25
Printing charges payable	150	150
Withholding tax payable	200	3,690
Others	486	321
	988	4,371

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2022 and 30 June 2022.

14. TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund is 1.05% (annualised) (30 June 2022: 1.16%) which includes 0.09% (30 June 2022: 0.12%) representing government levies on the Fund such as sales tax, annual fees to SECP etc.

15. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. Since the management intends to distribute the income earned by the Fund during the period to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in this condensed interim financial information. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

		(Unaudited) 31 December	
	Note	2022 ----- (Rupees in '000) -----	2021
16.1 Transactions during the period			
AKD Investment Management Limited - Management Company			
Remuneration to Management Company		1,807	1,639
Sindh sales tax on Management remuneration		235	213
Expenses allocated by the Management Company		892	615
Sales load		103	21
Issue of 321,424 (2021: 88,509) units		16,867	4,505
Redemption of 321,666 (2021: 88,509) units		17,033	4,553
Digital Custodian Company Limited - Trustee			
Trustee fee		542	492
Sindh sales tax on trustee fee		70	64
M3 Technologies Pakistan Private Limited Employees Provident Fund - Common Directorship			
Issue of Nil (2021:97,336) units		-	5,000
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)			
Issue of 1,116 (2021: 78,079) units		58	4,041
Redemption of Nil (2021: 78,079) units		-	4,039
Chief Executive Officer of the Management Company			
Issue of 19,782 (2021: 214,020) units		1,021	11,105
Redemption of 19,782 (2021: 127,996) units		1,029	6,627
Spouse of the Chief Executive Officer of the Management Company			
Issue of 388,692 (2021: 314,263) units		20,540	16,286
Redemption of 298,706 (2021: 168,779) units		15,858	8,710

	Note	(Unaudited)	
		2022	2021
		31 December	
		(Rupees in '000)	
		-----	-----
Spouse of the Director and Chief Investment Officer of the Management Company			
Redemption of 282,997 units (2021: Nil Units)		14,769	-
Director and Chief Investment Officer of the Management Company			
Redemption of 82,504 units (2021: Nil Units)		4,186	-
Hasan Ahmed - Director of the Management Company			
Issue of 107 (2021: Nil Units)		6	-
Muhammad Farid Alam - Key Management Personnel of Associated Company			
Issue of 29 (2021: Nil Units)		2	-
Pak Qatar Investment Account - Connected person due to holding of more than 10% units			
Redemption of 2,857,415 units (2021: Nil) units		150,000	-
		Unaudited	Audited
		31 December 2022	30 June 2022
		-----	-----
		(Rupees in '000)	

16.2 Balances outstanding at the period / year end

AKD Investment Management Limited - Management Company			
Remuneration payable		300	290
Sindh sales tax on Management remuneration		39	38
Payable against expenses allocated by the Management Company		188	109
Payable against formation cost		184	471
Sales load payable		53	72
Outstanding Nil (June 2022: 242) units		-	12
Digital Custodian Company Limited - Trustee			
Remuneration payable		90	87
Sindh sales tax on trustee remuneration payable		12	11
Receivable / Payable against conversion of units between Funds of the Management Company			
Payable against conversion of units - AKD Opportunity Fund		2,809	-
Payable against conversion of units - AKD Index Tracker Fund		2,529	-
Payable against conversion of units - AKD Islamic Stock Fund		484	-
Payable against conversion of units - Golden Arrow Stock Fund		10	-
Director and Chief Investment Officer of the Management Company			
Outstanding Nil (June 2022: 82,504) units		-	4,174
Spouse of the Director and Chief Investment Officer of the Management Company			
Outstanding Nil (June 2022: 282,997) units		-	14,319
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)			
Outstanding 1,265 (June 2022: 149) units		69	8
Spouse of the Chief Executive Officer of the Management Company			
Outstanding 89,986 (June 2022: Nil) units		4,900	-
Muhammad Farid Alam - Key Management Personnel of Associated Company			
Outstanding 35,205 (June 2022: 35,176) units		1,917	1,780
Afshen Aqeel Dhedhi - Close relative of the Sponsor of the Management Company			
Outstanding 31 (June 2022: 31) units		2	2
Hina Aqeel - Close relative of the sponsor of the Management Company			
Outstanding 42,709 (June 2022: 42,709) units		2,326	2,161

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	Unaudited 31 December 2022 ----- (Rupees in '000) -----	Audited 30 June 2022 -----
Note		
Yasmeen Dhedhi - Close relative of the Sponsor of the Management Company		
Outstanding 16,449 (June 2022: 16,449) units	896	832
M3 Technologies Pakistan Private Limited Employees Provident fund - Common Directorship		
Outstanding 106,154 (June 2022: 106,154) units	5,780	5,371
Pak Qatar Investment Account - Connected person due to holding of more than 10% units		
Outstanding 1,673,188 (June 2022: 4,530,603) units	91,108	229,231
Pak Qatar Individual Family Participant Investment Fund - Connected person due to holding of more than 10% units		
Outstanding 2,233,154 (June 2022: 2,233,154) units	121,599	112,989

17. 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).

Unaudited			
31 December 2022			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

INVESTMENTS

Fair value through profit or loss - Sukuk certificates

-	306,186	-	306,186
-	306,186	-	306,186

Audited			
30 June 2022			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

INVESTMENTS

Fair value through profit or loss - Sukuk certificates

-	324,288	-	324,288
-	324,288	-	324,288

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

18. GENERAL

18.1 This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended 31 December 2022 and 31 December 2021 in this condensed interim financial information, has not been subject to limited scope review by the auditors.

18.2 No reclassification to the corresponding figures have been made during the period.

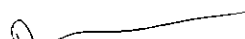
19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on 24 FEB 2023 by the Board of Directors of the Management Company.

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



CHIED EXECUTIVE OFFICER



DIRECTOR



CHIE FINANCIAL OFFICER



**AKD Investment
Management Ltd.**

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