

# 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.

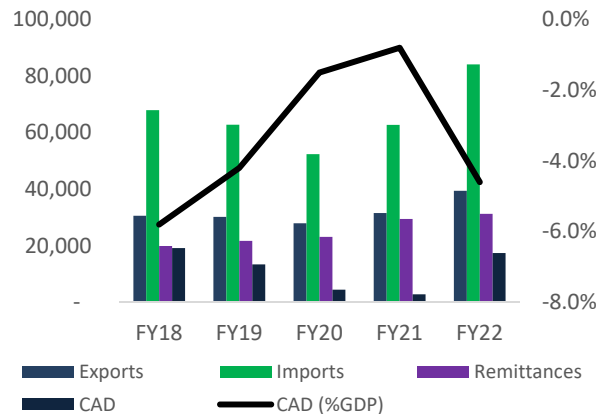
The Government's continued efforts to attract investments from Non-Resident Pakistanis also paid off, with an impressive inflow of USD 5.68 billion through Roshan Digital Accounts (RDA) with more than 520,000 accounts till January 2023.

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.

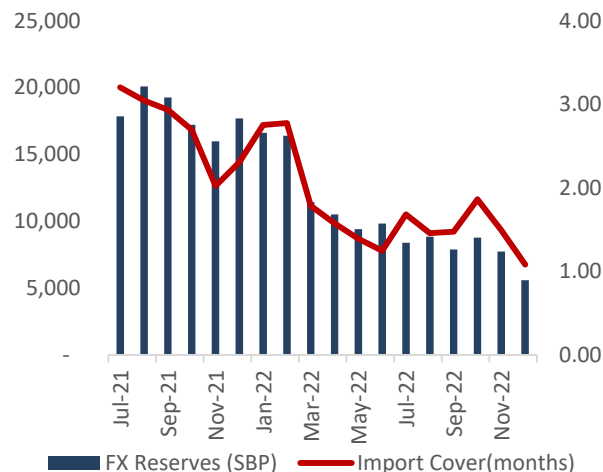
During the quarter under review, Pakistan's liquid foreign exchange reserves decreased by USD 4.57 billion. As of February 17, 2023, the Country's liquid foreign exchange reserves stood at USD 8.73 billion (SBP reserves USD 3.26 billion). We expect that aids and grants from bilateral partners like UAE, 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.

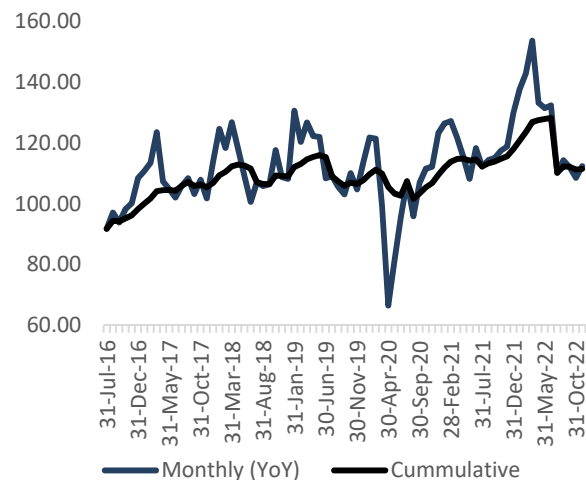
### BALANCE OF PAYMENT



### 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%.

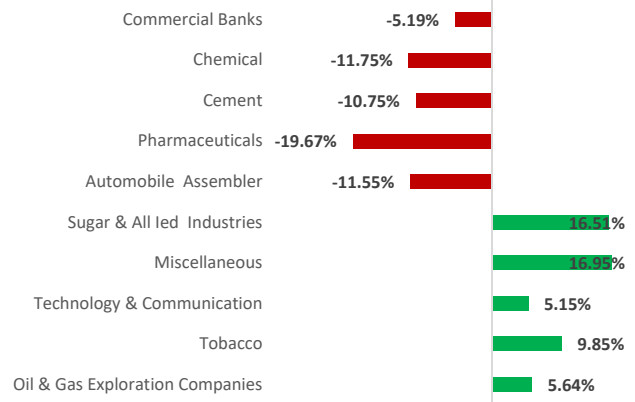
During 2QFY23, the sectors that took a toll on the KSE-100 index included Commercial Banks (-5.19%), Chemical (-11.75%), Cement (-10.75%), Pharmaceuticals (-19.67%), and Automobile Assembler (-11.55%). However, some breather was provided by Oil & Gas Exploration Companies (5.64%), Tobacco (9.85%), Technology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

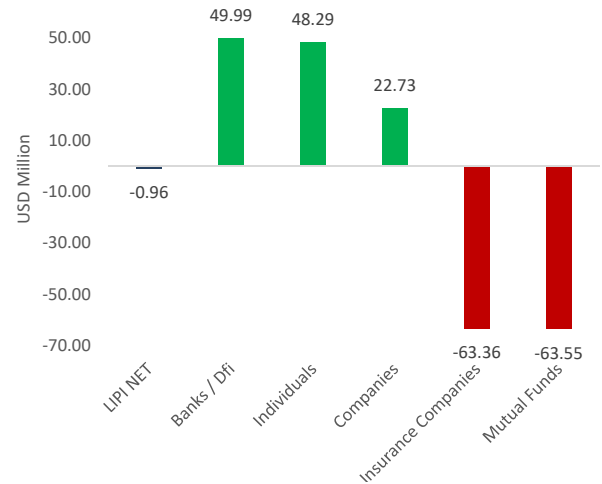
During 1HFY23 investor participation declined as volumes contracted by 36% YoY to PKR 218.54 million from PKR 340.88 million recorded during the same period last year. Furthermore, foreigners remained net buyers with inflows of USD 0.96 million. Major purchasing was witnessed in Technology and Communication (*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.

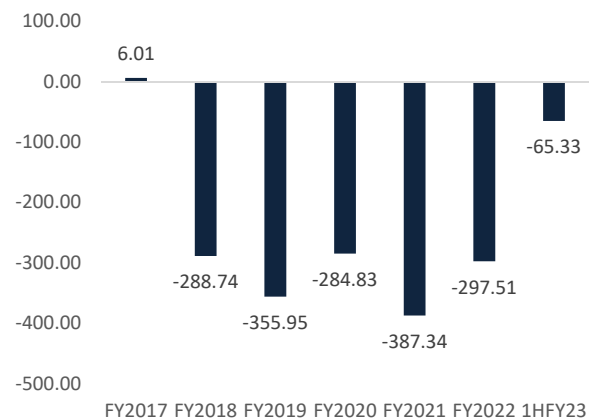
### MARKET MOVERS



### PORTFOLIO INVESTMENT



### FIPI (USD Million)



FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 1HFY23

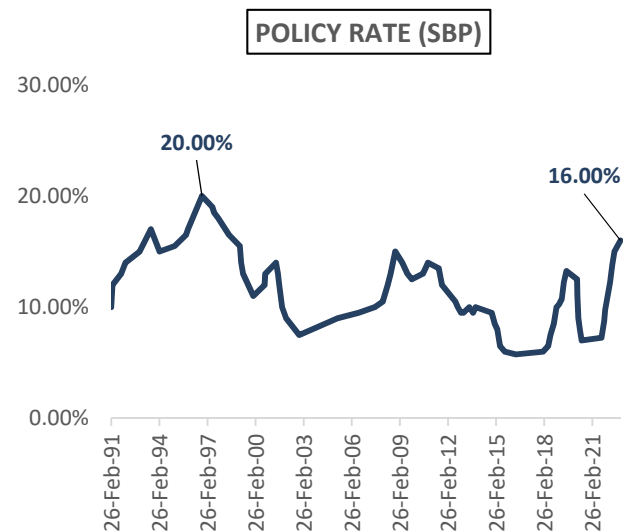
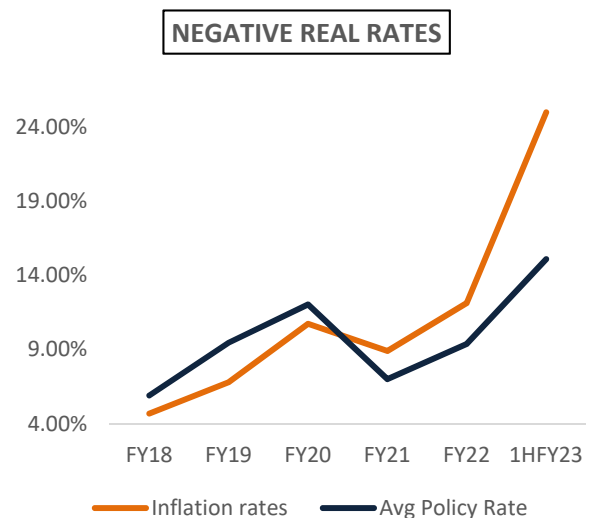
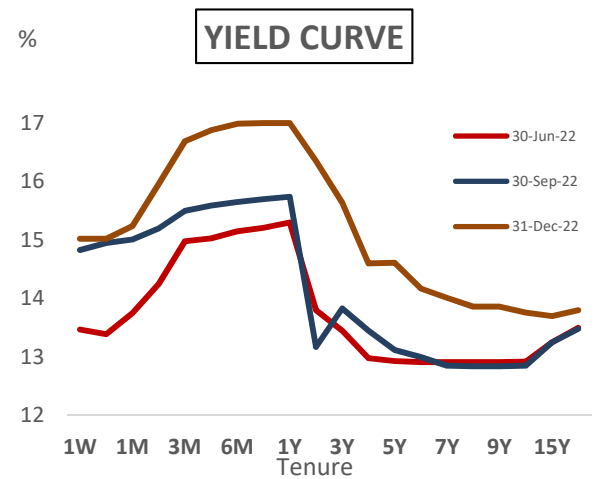
## FIXED INCOME REVIEW

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.

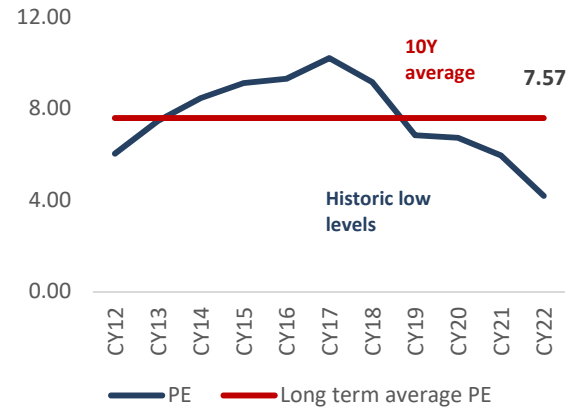
The government presented their Finance Supplementary Bill 2023 on February 15, 2023 to introduce additional taxation measures worth PKR 170 billion. The government took some hard but necessary steps, even jeopardizing their political capital in order to achieve the IMF financing. The main highlights 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.

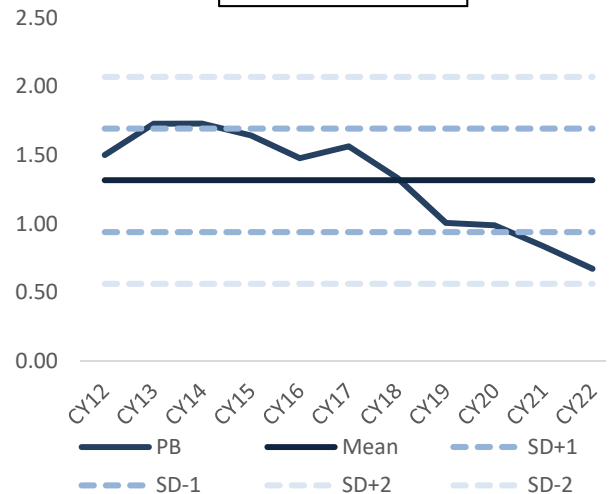
The next monetary policy is expected to be held on March 16, 2023, however, we are anticipating an increase in policy rate of 100-200bps ahead of its regular timeline as signaled by the latest MTBs auction where 1Y yields touched 19.79%. The reason for a surprise rate hike is expected inflation to reach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

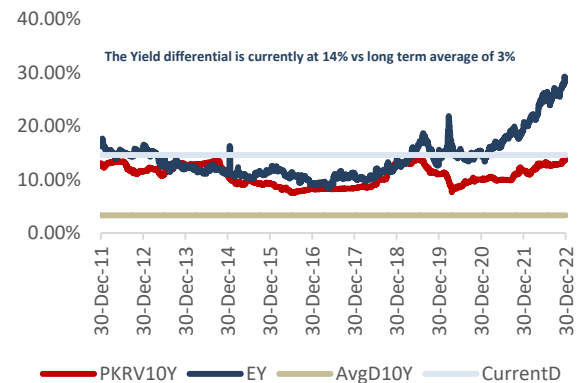
### KSE - 100 PE AT ALL TIME LOW LEVELS



### PB BOTTOMING OUT



### 10Y PIBs vs EY



For and on behalf of the board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim**  
Chairman

Karachi: February 24, 2023

## 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

#### 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.

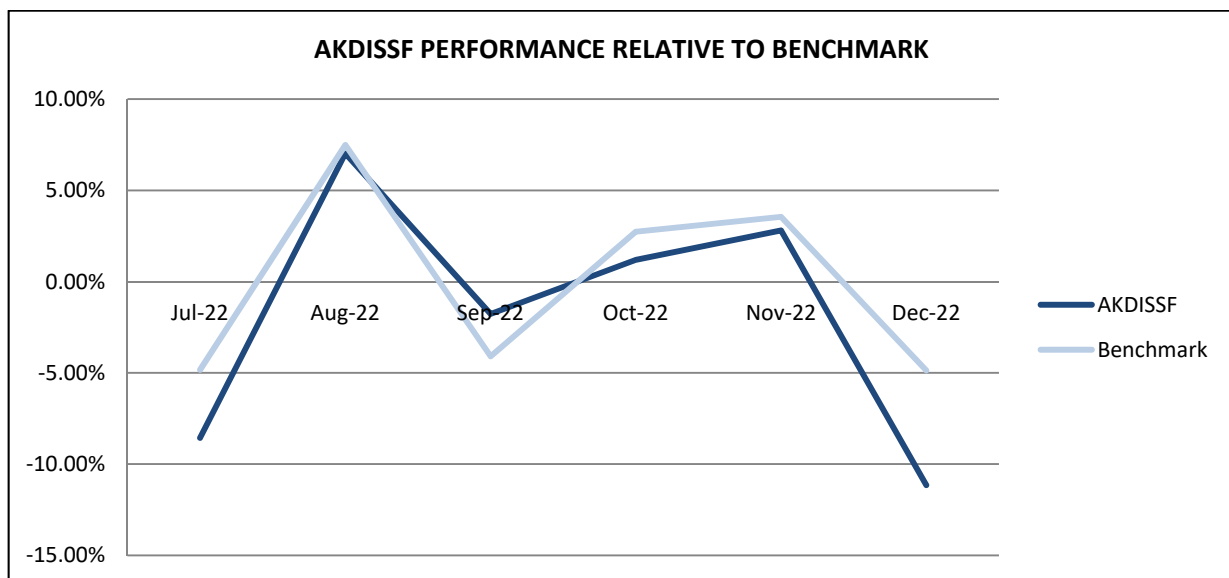
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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

**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	Oct-22	Nov-22	Dec-22
AKDISSF	-8.56%	7.03%	-1.77%	1.19%	2.81%	-11.15%
Benchmark	-4.83%	7.49%	-4.10%	2.74%	3.55%	-4.86%

- 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.

- 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
Equities	97.67%	97.25%
Cash	0.65%	0.93%
Other Assets including Receivables	1.68%	1.82%

- viii) Non-Compliant Investments:

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
BANKISLAMIC PAKISTAN LTD	Equity	40,084	Nil	40,084	20.84%	20.61%

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

1HFY23 Return	-11.15%
Benchmark Return	-0.71%

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

Net Asset Value			NAV Per Unit	
31-Dec-22	30-Sep-22	Change in Net Assets	31-Dec-22	30-Sep-22
(Rupees In "000")			Rs.	Rs.
192,336	227,007	-15.27%	35.9592	38.9050

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



## MACRO PERSPECTIVE

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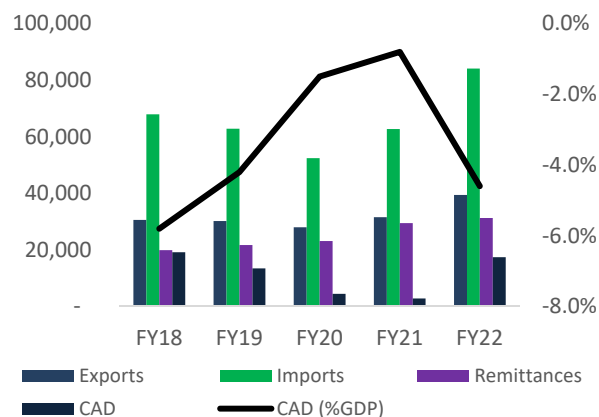
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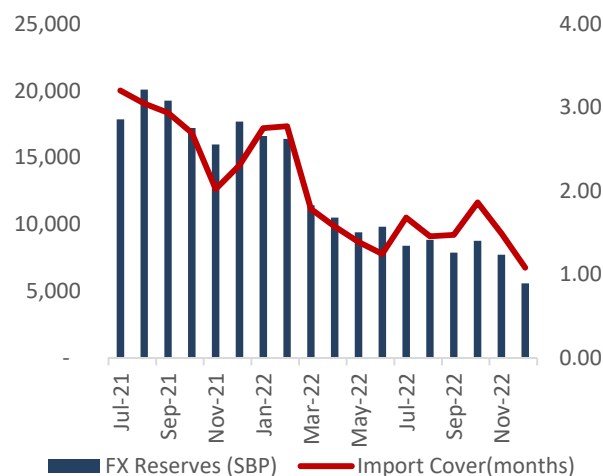
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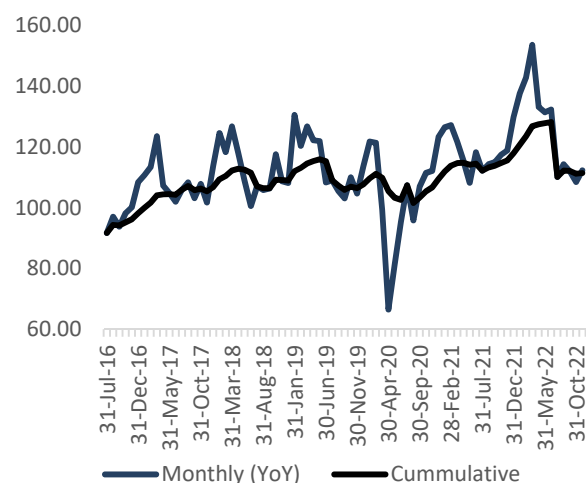
### BALANCE OF PAYMENT



### FX Reserves & Import Cover (mos)



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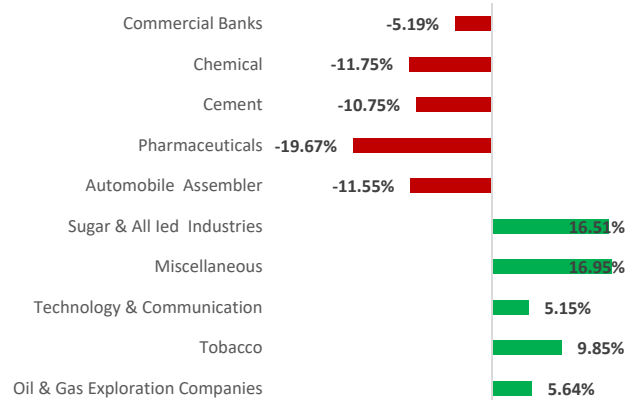
During 2QFY23, the sectors that took a toll on the KSE-100 index included Commercial Banks (-5.19%), Chemical (-11.75%), Cement (-10.75%), Pharmaceuticals (-19.67%), and Automobile Assembler (-11.55%). However, some breather was provided by Oil & Gas Exploration Companies (5.64%), Tobacco (9.85%), Technology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

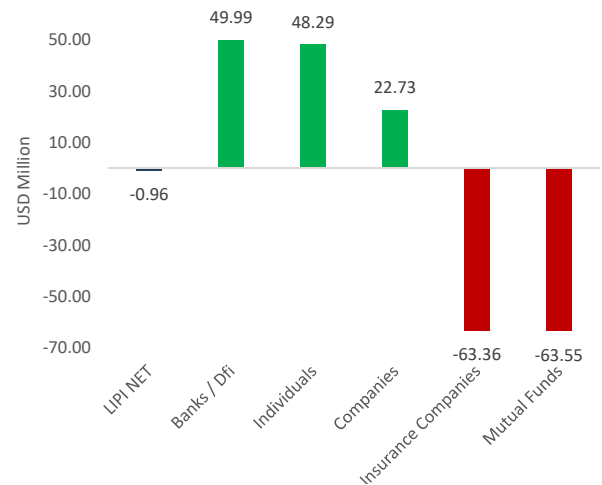
During 1HFY23 investor participation declined as volumes contracted by 36% YoY to PKR 218.54 million from PKR 340.88 million recorded during the same period last year. Furthermore, foreigners remained net buyers with inflows of USD 0.96 million. Major purchasing was witnessed in Technology and Communication (*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.

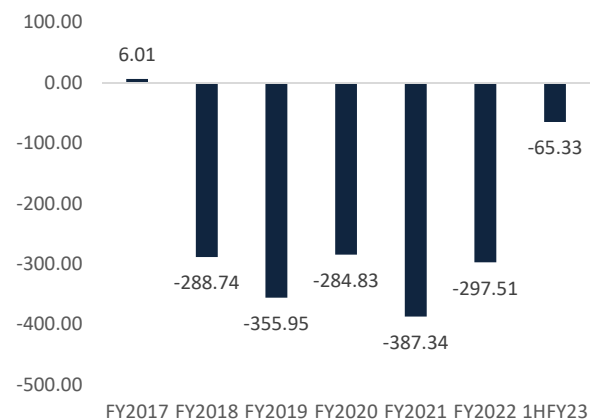
### MARKET MOVERS



### PORTFOLIO INVESTMENT



### FIPI (USD Million)



## 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.

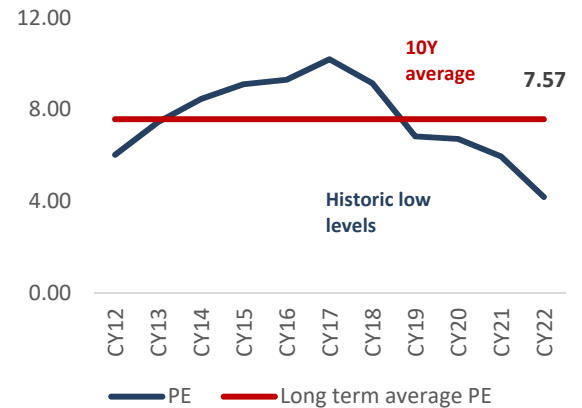
The government presented their Finance Supplementary Bill 2023 on February 15, 2023 to introduce additional taxation measures worth PKR 170 billion. The government took some hard but necessary steps, even jeopardizing their political capital in order to achieve the IMF financing. The main highlights 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.

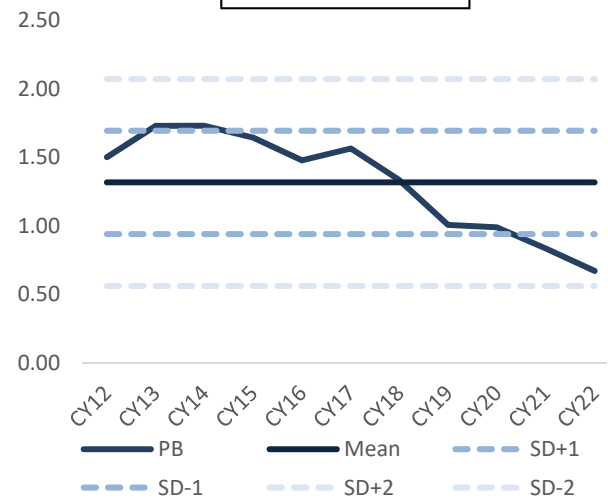
The next monetary policy is expected to be held on March 16, 2023, however, we are anticipating an increase in policy rate of 100-200bps ahead of its regular timeline as signaled by the latest MTBs auction where 1Y yields touched 19.79%. The reason for a surprise rate hike is expected inflation to reach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

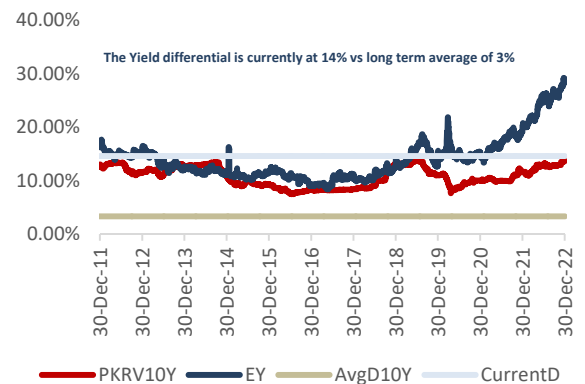
### KSE - 100 PE AT ALL TIME LOW LEVELS



### PB BOTTOMING OUT



### 10Y PIBs vs EY



- xii) **Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of 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.

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

There were no unit splits during the period.

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

<b>Range (Units)</b>	<b>No. of Investors</b>
0.0001 - 9,999	299
10,000 - 49,999	41
50,000 - 99,999	4
100,000 - 499,999	9
500,000 and above	3
<b>Total</b>	<b>356</b>

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

Investments are subject to credit and market risk.

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

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



**DIGITAL  
CUSTODIAN  
COMPANY**

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## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### AKD ISLAMIC STOCK FUND

**Report of the Trustee Pursuant to Regulation 41(h) and clause 9 of the schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.**

AKD Islamic Stock 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 Stock Fund has, in all material respects, managed AKD Islamic Stock Fund during the period ended December 31<sup>st</sup>, 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 Amfn  
Authorize Signatory  
Digital Custodian Company Limited

Karachi: February 23, 2023

#### ONLINE

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 / digitalcustodian

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**Riaz Ahmad & Company**

Chartered Accountants

**AKD INVESTMENT MANAGEMENT LIMITED  
AKD ISLAMIC STOCK 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 Stock Fund**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of AKD Islamic Stock 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 Investments 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**

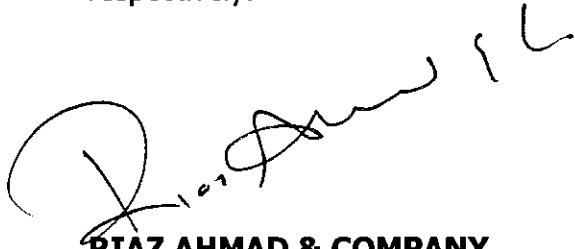
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six-months period ended 31 December 2022 is not prepared in all material respects, in accordance with the accounting and reporting standards 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: RR202210045aGBE3Pctx**

**AKD ISLAMIC STOCK 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) -----	
<b>ASSETS</b>			
Bank balances	5	1,268	994
Investments	6	189,990	250,736
Dividend and profit receivable on bank deposits		35	65
Deposits and prepayments	7	2,726	2,817
Preliminary expenses and floatation cost	8	28	131
Receivable against sale of securities		-	1,058
Receivable against sale / conversion of units		484	-
<b>Total assets</b>		<b>194,531</b>	<b>255,801</b>
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company	9	629	890
Payable to Digital Custodian Company Limited - Trustee	10	24	27
Payable to the Securities and Exchange Commission of Pakistan	11	23	65
Accrued expenses and other liabilities	12	1,509	1,438
Payable against purchase of securities		-	53
Payable against redemption / conversion of units		10	-
<b>Total liabilities</b>		<b>2,195</b>	<b>2,473</b>
<b>NET ASSETS</b>		<b>192,336</b>	<b>253,328</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>192,336</b>	<b>253,328</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>5,348,727</b>	<b>6,259,150</b>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>35.9592</b>	<b>40.4732</b>

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

	Note	Six-Months Period Ended		Three-Months Period Ended	
		31 December		31 December	
		2022	2021	2022	2021
<b>INCOME</b>					
Capital loss on sale of investments classified as 'at fair value through profit or loss'		(3,498)	(3,723)	(3,153)	(8,773)
Net unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss'	6.2	(27,697)	(49,738)	(17,669)	(10,228)
Dividend income		10,615	12,191	8,372	6,061
Other income		-	2,263	-	-
Profit on bank deposits		297	289	159	139
<b>Total loss</b>		<b>(20,283)</b>	<b>(38,718)</b>	<b>(12,291)</b>	<b>(12,801)</b>
<b>EXPENSES</b>					
Remuneration of AKD Investment Management Limited - Management Company	9.1	2,349	3,802	1,136	1,806
Sindh sales tax on remuneration of the Management Company	9.2	305	494	147	235
Expenses allocated by the Management Company	9.3	644	856	341	407
Remuneration of Digital Custodian Company Limited - Trustee	10.1	141	228	68	108
Sindh sales tax on remuneration of Trustee	10.2	18	30	9	14
Annual fee to Securities and Exchange Commission of Pakistan	11.1	23	38	11	18
Securities transaction costs		308	487	71	204
Auditor's remuneration		126	117	63	58
Settlement and bank charges		19	40	9	13
Amortisation of preliminary expenses and floatation costs		103	103	52	52
Fee and subscription		412	416	208	205
Printing and stationery		-	76	-	38
Legal and professional charges		108	325	-	46
Charity		229	687	130	626
<b>Total expenses</b>		<b>4,785</b>	<b>7,699</b>	<b>2,245</b>	<b>3,830</b>
<b>Net loss for the period before taxation</b>		<b>(25,068)</b>	<b>(46,417)</b>	<b>(14,536)</b>	<b>(16,631)</b>
Taxation	15	-	-	-	-
<b>Net loss for the period after taxation</b>		<b>(25,068)</b>	<b>(46,417)</b>	<b>(14,536)</b>	<b>(16,631)</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>					
Relating to capital gains		-	-	-	-
Excluding capital gains		-	-	-	-

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 STOCK 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) -----			
<b>Net loss for the period after taxation</b>	<b>(25,068)</b>	(46,417)	<b>(14,536)</b>	(16,631)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(25,068)</b>	(46,417)	<b>(14,536)</b>	(16,631)

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 STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2022**

Note	Six-Months Period Ended		Three-Months Period Ended	
	31 December		31 December	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period before taxation	(25,068)	(46,417)	(14,536)	(16,631)
<b>Adjustments for non cash and other items:</b>				
Dividend income	(10,615)	(12,191)	(8,372)	(6,061)
Amortisation of preliminary expenses and floatation costs	103	103	52	52
Net unrealised diminution on remeasurement of investments 'at fair value through profit and loss'	27,697	49,738	17,669	10,228
Other income	-	(2,263)	-	-
	(7,883)	(11,030)	(5,187)	(12,412)
<b>Decrease in assets</b>				
Dividend and profit receivable on bank deposits	30	129	1,331	-
Deposits and prepayments	91	158	36	5,536
<b>Net decrease in assets</b>	<b>121</b>	<b>287</b>	<b>1,367</b>	<b>5,536</b>
<b>(Decrease) / increase in liabilities</b>				
Payable to AKD Investment Management Limited - Management Company	(261)	(128)	(37)	(165)
Payable to Digital Custodian Company Limited - Trustee	(3)	(8)	(2)	(5)
Payable to the Securities and Exchange Commission of Pakistan	(42)	(20)	11	18
Accrued expenses and other liabilities	71	(1,100)	(1,332)	(1,050)
<b>Net decrease in liabilities</b>	<b>(235)</b>	<b>(1,256)</b>	<b>(1,360)</b>	<b>(1,202)</b>
Dividend received	10,615	12,790	8,372	12,186
Investments - net	33,049	60,989	16,026	38,978
<b>Net cash flow from operating activities</b>	<b>35,667</b>	<b>61,781</b>	<b>19,218</b>	<b>43,087</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amount received on issue of units	158,365	339,019	84,771	146,674
Payment against redemption of units	(193,758)	(411,474)	(104,849)	(203,634)
<b>Net cash used in financing activities</b>	<b>(35,393)</b>	<b>(72,455)</b>	<b>(20,078)</b>	<b>(56,960)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>274</b>	<b>(10,674)</b>	<b>(860)</b>	<b>(13,873)</b>
Cash and cash equivalents at beginning of the period	994	13,092	2,128	16,291
<b>Cash and cash equivalents at end of the period</b>	<b>1,268</b>	<b>2,418</b>	<b>1,268</b>	<b>2,418</b>

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 STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)**  
**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	Accumulated loss	Total	Capital value	Accumulated loss	Total
----- (Rupees in '000) -----						
<b>Net assets at beginning of the period</b>	<b>360,948</b>	<b>(107,620)</b>	<b>253,328</b>	462,079	(36,719)	425,360
Issuance of 3,945,820 (2021: 7,263,171) units						
- Capital value (at Ex-net asset value per unit at the beginning of period )	<b>159,700</b>	-	<b>159,700</b>	361,683	-	361,683
- Element of loss	<b>(1,909)</b>	-	<b>(1,909)</b>	(21,292)	-	(21,292)
Total proceeds on issuance of units	<b>157,791</b>	-	<b>157,791</b>	340,391	-	340,391
Redemption of 4,856,243 (2021: 8,827,993)						
- Capital value (at Ex-net asset value per unit at the beginning of period )	<b>(196,548)</b>	-	<b>(196,548)</b>	(439,606)	-	(439,606)
- Element of income	<b>2,833</b>	-	<b>2,833</b>	28,012	-	28,012
Total payments on redemption of units	<b>(193,715)</b>	-	<b>(193,715)</b>	(411,594)	-	(411,594)
Total comprehensive income for the period	-	<b>(25,068)</b>	<b>(25,068)</b>	-	(46,417)	(46,417)
<b>Net assets at end of the period</b>	<b>325,024</b>	<b>(132,688)</b>	<b>192,336</b>	390,876	(83,136)	307,740
<b>Accumulated loss brought forward</b>						
- Realised loss		<b>(20,943)</b>			(86,400)	
- Unrealized (loss) / income		<b>(86,677)</b>			49,681	
		<b>(107,620)</b>			(36,719)	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			-		
- Excluding capital gains	-			-		
	-			-		
<b>Net loss for the period after taxation</b>		<b>(25,068)</b>			(46,417)	
<b>Accumulated loss carried forward</b>		<b>(132,688)</b>			(83,136)	
<b>Accumulated loss carried forward</b>						
- Realised loss		<b>(104,991)</b>			(33,398)	
- Unrealised loss		<b>(27,697)</b>			(49,738)	
		<b>(132,688)</b>			(83,136)	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
<b>Net assets value per unit at beginning of the period</b>		<b>40.4732</b>			49.7969	
<b>Net assets value per unit at end of the period</b>		<b>35.9592</b>			44.1073	

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 STOCK FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2022**

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

AKD Islamic Stock 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 (DCCL) 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 end Shariah Compliant (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.

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 Company 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 '3-Star' by PACRA on 10 August 2022.

The Fund is 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 Standard (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 VIII A of the repealed Companies Ordinance 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulation and requirements of the Trust Deed have been followed.

**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 and 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 are measured at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak 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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT 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 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 standards and interpretations on approved 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 are therefore not disclosed in this condensed interim financial information.

## 4. FINANCIAL RISK MANAGEMENT

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
<b>5. BANK BALANCES</b>			
Saving accounts	5.1	<u>1,268</u>	<u>994</u>
5.1	Mark-up rates on these accounts range between 14.5% to 15% (30 June 2022: 12.25% to 14.25%) per annum.		
<b>6. INVESTMENTS</b>			
<b>Fair value through profit or loss</b>			
Listed equity securities	6.1	<u>189,990</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 31 December 2022			Percentage in relation to		
		As at 01 July 2022	Purchased during the period	Bonus / right share	Sold/ Disposed	As at 31 December 2022	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company	
----- (Rupees in '000) ----- (%)													
<b>Fully paid ordinary shares (unless otherwise stated)</b>													
<b>Automobile Assembler</b>													
Ghanshara Nissan Limited	10	999	-	-	-	999	59	42	(17)	0.02	0.02	0.02	0.00
Pak Suzuki Motors Company Limited	10	20,000	-	-	20,000	-	-	-	-	-	-	-	-
Milat Tractors Limited	10	18	-	3	-	21	16	10	(6)	0.01	0.01	0.01	0.00
							<u>75</u>	<u>52</u>	<u>(23)</u>				
<b>Automobile Parts &amp; Accessories</b>													
Thal Limited	5	85,000	-	-	31,000	54,000	<u>14,559</u>	<u>10,436</u>	<u>(4,123)</u>	5.49	5.43	5.43	0.07
<b>Cable &amp; Electrical Goods</b>													
Pakistan Cables Limited	10	30,000	-	4,500	-	34,500	<u>4,185</u>	<u>3,715</u>	<u>(470)</u>	1.96	1.93	1.93	0.08
<b>Chemical</b>													
Lotte Chemical Pakistan Limited	10	275,000	150,000	-	425,000	-	-	-	-	-	-	-	-
<b>Commercial Banks</b>													
Bankislami Pakistan Limited	10	3,121,800	374,500	-	496,001	3,000,299	<u>35,699</u>	<u>40,084</u>	<u>4,385</u>	21.10	20.84	20.84	0.27
<b>Engineering</b>													
Crescent Steel and Allied Products Limited	10	10,000	-	-	-	10,000	417	320	(97)	0.17	0.17	0.17	0.01
International Steel Limited	10	145,000	25,000	-	70,000	100,000	<u>5,888</u>	<u>4,535</u>	<u>(1,353)</u>	2.39	2.36	2.36	0.02
							<u>6,305</u>	<u>4,855</u>	<u>(1,450)</u>				
<b>Fertilizers</b>													
Fauji Fertilizer Bin Qasim	10	100,000	-	-	-	100,000	<u>2,024</u>	<u>1,533</u>	<u>(491)</u>	0.81	0.80	0.80	0.01
<b>Food &amp; Personal Care Products</b>													
Al Shaheer Corporation Limited (6.1.1)	10	2,800,499	-	500,124	800,000	2,500,623	<u>18,085</u>	<u>20,505</u>	<u>2,420</u>	10.79	10.66	10.66	0.67
<b>Oil &amp; Gas Exploration Companies</b>													
Pakistan Petroleum Limited	10	20,000	-	-	-	20,000	<u>1,350</u>	<u>1,363</u>	<u>13</u>	0.72	0.71	0.71	0.00
<b>Oil &amp; Gas Marketing Companies</b>													
Pakistan State Oil Company Limited (PSO)	10	45,000	30,000	-	15,000	60,000	<u>10,029</u>	<u>8,639</u>	<u>(1,390)</u>	4.55	4.49	4.49	0.01
<b>Paper and Board</b>													
Pakistan Paper Products Limited	10	666	-	-	-	666	<u>46</u>	<u>38</u>	<u>(8)</u>	0.02	0.02	0.02	0.01
<b>Pharmaceuticals</b>													
Abbott Laboratories Pakistan Limited	10	39,000	-	-	-	39,000	<u>25,531</u>	<u>18,069</u>	<u>(7,462)</u>	9.51	9.39	9.39	0.04

Name of the investee company	Face value per share (Rupees)	(Number of shares)						Balance as at 31 December 2022			Percentage in relation to												
		As at 01 July 2022	Purchased during the period	Bonus / right share	Sold/ Disposed	As at 31 December 2022	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Market value as percentage of total paid up capital of the investee company											
<b>Fully paid ordinary shares (unless otherwise stated)</b>													----- (Rupees in '000) ----- (%)										
<b>Power Generation &amp; Distribution</b>																							
The Hub Power Company Limited (6.1.2)	10	550,000	50,000	-	200,000	400,000	27,136	25,232	(1,904)	13.28	13.12	0.03											
K-Electric Limited	3.5	500,000	3,490,000	-	490,000	3,500,000	12,630	9,450	(3,180)	4.97	4.91	0.01											
							<b>39,766</b>	<b>34,682</b>	<b>(5,084)</b>														
<b>Refinery</b>																							
Attock Refinery Limited	10	109,000	-	-	49,000	60,000	10,547	8,614	(1,933)	4.53	4.48	0.06											
Energyclo PK Limited	10	5,000,000	-	-	289,037	4,710,963	25,157	17,383	(7,774)	9.15	9.04	0.09											
National Refinery Limited	10	25,000	10,000	-	-	35,000	8,544	6,162	(2,382)	3.24	3.20	0.04											
							<b>44,248</b>	<b>32,159</b>	<b>(12,089)</b>														
<b>Synthetics &amp; Rayon</b>																							
Pakistan Synthetics Limited	10	1,000	29,500	-	-	30,500	1,539	1,312	(227)	0.69	0.68	0.03											
<b>Technology and Communication</b>																							
Pakistan Telecommunication Co. Ltd.	10	750,000	150,000	-	36,000	864,000	6,043	5,270	(773)	2.77	2.74	0.02											
<b>Textile Composite</b>																							
Nishat (Chunian) Limited (NCL)	10	25,000	-	-	25,000	-	-	-	-	-	-	-											
Nishat Mills Limited (NML)	10	75,000	-	-	75,000	-	-	-	-	-	-	-											
<b>Textile Spinning</b>																							
Tata Textile Mills Limited	10	-	135,500	-	25,500	110,000	7,099	6,430	(669)	3.38	3.34	0.20											
<b>Vanaspoti &amp; Allied Industries</b>																							
Punjab Oil Mills Limited	10	6,200	-	1,240	-	7,440	1,104	848	(256)	0.45	0.44	0.12											
<b>Total as at 31 December 2022</b>							<b>217,687</b>	<b>189,990</b>	<b>(27,697)</b>														
Total as at 30 June 2022							337,413	250,736	(86,677)														

6.1.1 This includes 500,124 right shares of Al Shaheer Corporation Limited as at 31 December 2022.

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

6.1.3 The exposure limit of investment in Bank Islami Pakistan Limited as a percentage of net assets exceeds by 5.84%. The prescribed limit is 15% of the total net assets as per Section 55(6) of the NBFC Regulations, 2008.

		(Unaudited) 31 December 2022	(Audited) 30 June 2022
	Note	----- (Rupees in '000) -----	
<b>6.2 NET UNREALISED DIMINUTION ON RE-MEASUREMENT OF INVESTMENT CLASSIFIED AT 'FAIR VALUE THROUGH PROFIT AND LOSS</b>			
Market value of investments	6.1	189,990	250,736
Carrying amount of investments	6.1	<u>(217,687)</u>	<u>(337,413)</u>
		<u><b>(27,697)</b></u>	<u><b>(86,677)</b></u>

## 7. DEPOSITS AND PREPAYMENTS

Security deposit with			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100
Prepaid annual listing fee of PSX		14	-
Prepaid rating fee		66	-
Prepaid shariah advisory fee		46	217
		<u><b>2,726</b></u>	<u><b>2,817</b></u>

## 8. PRELIMINARY EXPENSES AND FLOATATION COST

Preliminary expenses and floatation cost		1,024	1,024
<b>Accumulated amortisation</b>			
Opening balance		(893)	(688)
Amortised during the year		(103)	(205)
Closing balance	8.1	<u><b>(996)</b></u>	<u><b>(893)</b></u>
		<u><b>28</b></u>	<u><b>131</b></u>

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	348	406
Sindh sales tax on management fee	9.2	45	53
Expenses allocated by the Management Company	9.3	104	91
Formation cost		131	337
Sales load payable		1	3
		<u><b>629</b></u>	<u><b>890</b></u>

9.1 The Management Company charged remuneration at the rate of 2% (30 June 2022: 2%) per annum of the 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 0.5% in 1st quarter & 0.6% in 2nd quarter (30 June 2022: 0.45%) per annum of the daily average annual net assets of the Fund.

## 10. PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE

Trustee fee	10.1	21	24
Sindh sales tax on Trustee fee	10.2	3	3
		<u><b>24</b></u>	<u><b>27</b></u>



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

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 the amount exceeding Rs. 1 billion.
Net assets exceeding Rs. 5 billion	Rs. 3.8 million plus 0.06% per annum of the 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 is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

	Note	(Unaudited) 31 December 2022 ----- (Rupees in '000) -----	(Audited) 30 June 2022
<b>11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable to SECP	11.1	<u>23</u>	<u>65</u>
<b>11.1</b> All Collective Investment Schemes are required to pay annual fee at an amount equal to 0.02% (30 June 2022: 0.02%) of the daily average annual net assets of the scheme. The fee is payable annually in arrears.			
<b>12. ACCRUED AND OTHER LIABILITIES</b>			
Brokerage payable		<u>44</u>	101
Auditor's remuneration		<u>126</u>	185
Printing charges payable		<u>150</u>	150
Charity payable		<u>1,021</u>	792
Credit rating fee payable		<u>133</u>	132
Withholding tax payable		<u>2</u>	10
Others		<u>33</u>	68
		<u><u>1,509</u></u>	<u><u>1,438</u></u>
<b>13. CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies and commitments outstanding as at 31 December 2022 and 30 June 2022.			
<b>14. TOTAL EXPENSE RATIO</b>			
The total expense ratio (TER) of the Fund from 1 July 2022 to 31 December 2022 is 4.08% (annualised) (30 June 2022: 3.9%) and this includes 0.34% (30 June 2022: 0.37%) representing government levies on the Fund such as sales taxes, annual fees to SECP etc.			
<b>15. TAXATION</b>			
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. Further, 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, AKD Securities Limited, directors, officers, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

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

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

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

	(Unaudited) 31 December	
	2022	2021
	----- (Rupees in '000) -----	
<b>Transactions during the period</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	2,349	3,802
Expenses allocated by the Management Company	644	856
Sindh sales tax on management remuneration	305	494
Sales load	1	151
Issue of 32,169 (2021: 77,080) units	1,319	3,800
<b>Digital Custodian Company Limited - Trustee</b>		
Trustee fee	141	228
Sindh sales tax on trustee fee	18	30
<b>AKD Securities Limited</b>		
Brokerage expense	-	18
<b>AKD Opportunity Fund</b>		
Shares purchased from AKD Opportunity Fund	-	46,368
<b>Golden Arrow Stock Fund</b>		
Shares sold to Golden Arrow Stock Fund	16,680	28,231
<b>Muhammad Yaqoob- Company Secretary and Chief Operating Officer</b>		
Redemption of Nil (2021: 10,646) units	-	528
<b>Imran Motiwala - Chief Executive Officer of the Management Company</b>		
Issue of Nil (2021: 187,224) units	-	8,626
Redemption of 2,237 (2021: 144,000) units	92	6,429
<b>Sehr Imran Motiwala - Spouse - CEO of the Management Company</b>		
Issue of Nil (2021: 165,689) units	-	7,600
Redemption of 22,415 (2021: 339,444) units	906	15,666
<b>Anum Dhedhi - Chief Investment Officer &amp; Director of the Management Company</b>		
Issue of 104,968 (2021: Nil) units	4,183	-
<b>M3 Technologies Pakistan Private Limited Employees Provident Fund - Common Directorship</b>		
Issue of Nil (2021: 122,103) units	-	6,000

(Unaudited)                      (Audited)  
**31 December 2022              30 June 2022**  
 ----- (Rupees in '000) -----

**Balances outstanding at the period / year end**

**AKD Investment Management Limited - Management Company**

Remuneration payable	348	406
Sindh sales tax on management remuneration	45	53
Expenses allocated by the management company	104	91
Payable against formation cost	131	337
Sales load payable	1	3
Outstanding Nil (2022: 77,080) units	-	3,120

**Digital Custodian company Limitd - Trustee**

Remuneration payable	21	24
Sales tax on trustee remuneration payable	3	3

**AKD Securities Limited**

**Receivable against conversion of units**

Receivable against conversion of units - AKD Islamic Income Fund	484	-
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**Imran Motiwala - CEO of the Management Company**

Outstanding Nil (30 June 2022: 2,237) units	-	91
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**AKD Group Holdings (Private) Limited - Staff Provident Fund**

Outstanding 200,000 (30 June 2022: 200,000) units	7,192	8,095
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**Muhammad Farid Alam - Key Management Personnel of Associated Company**

Outstanding 30,000 (30 June 2022: 30,000) units	1,079	1,214
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**Anum Dhedhi - Chief Investment Officer & Director of the Management Company**

Outstanding 104,968 (30 June 2022: Nil) units	3,775	-
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**Sehr Imran Motiwala - Spouse, - CEO of the Management Company**

Outstanding Nil (30 June 2022: 22,415) units	-	907
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**Carrow Micheal - Key Management Personnel of the Management Company**

Outstanding 196 (30 June 2022: 196) units	7	8
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**Toqir Hussain - Key Management Personnel of the Management Company**

Outstanding 600 (30 June 2022: 600) units	22	24
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**M3 Technologies Pakistan Private Limited Employees Provident Fund - Common Directorship**

Outstanding 122,103 units (30 June 2022: 122,103)	4,391	4,942
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**Connected person due to more than 10% holding**

**TPL Insurance Limited**

Outstanding 839,883 (30 June 2022: 839,883) units	30,202	33,993
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**Pakistan Mobile Communications Limited**

Outstanding 544,217 (30 June 2022: Nil) units	19,570	-
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**Nargis Shahid Soorty**

Outstanding 871,254 (30 June 2022: 871,254) units	31,330	35,262
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**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 IFRS. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

**Level 1:** quoted prices in active markets for identical assets or liabilities;

**Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

**Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note	(Unaudited) As at 31 December 2022			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>Investments in securities- at fair value through profit or loss</b>				
Listed equity securities	189,990	-	-	189,990

	(Audited) As at 30 June 2022			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>Investments in securities- at fair value through profit or loss</b>				
Listed equity securities	250,736	-	-	250,736

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)**

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
CHIEF FINANCIAL OFFICER



**AKD Investment  
Management Ltd.**

**Head Office:**

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

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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,  
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