

# 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.

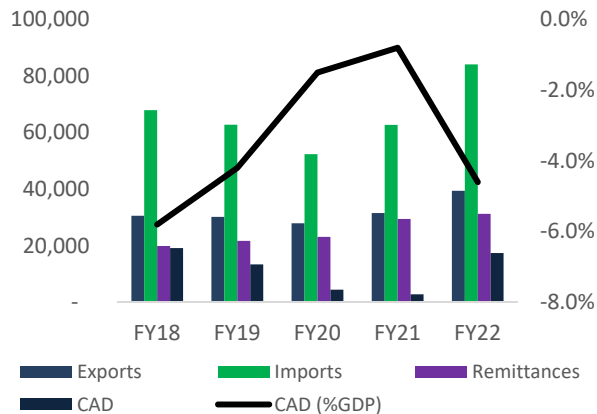
The Government's continued efforts to attract investments from Non-Resident Pakistanis also paid off, with an impressive inflow of USD 5.68 billion through Roshan Digital Accounts (RDA) with more than 520,000 accounts till January 2023.

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.

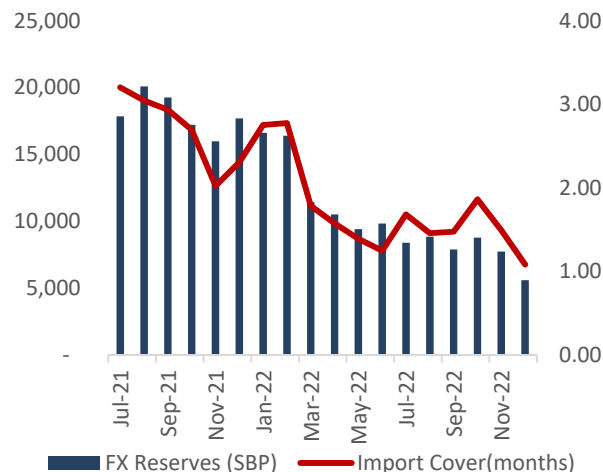
During the quarter under review, Pakistan's liquid foreign exchange reserves decreased by USD 4.57 billion. As of February 17, 2023, the Country's liquid foreign exchange reserves stood at USD 8.73 billion (SBP reserves USD 3.26 billion). We expect that aids and grants from bilateral partners like UAE,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

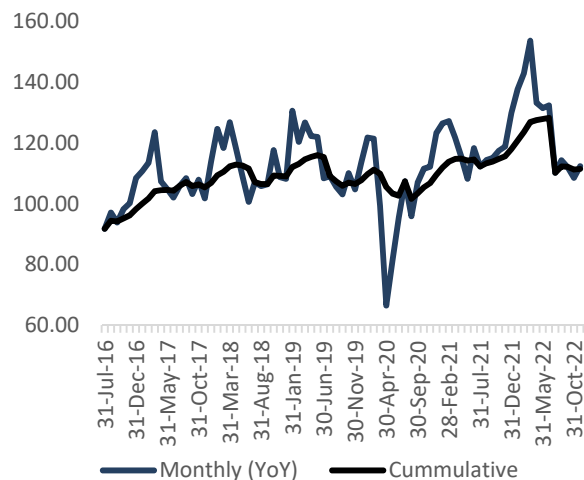
### BALANCE OF PAYMENT



### 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%.

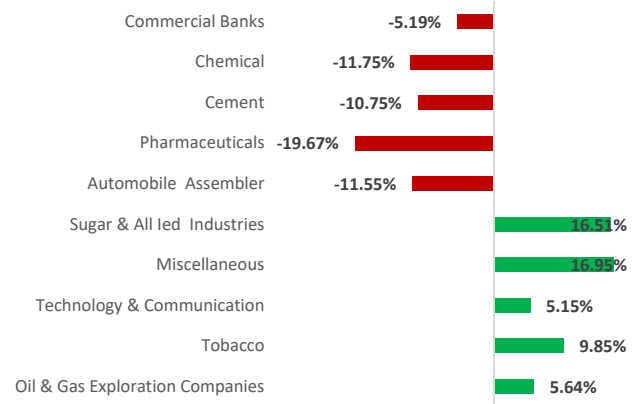
During 2QFY23, the sectors that took a toll on the KSE-100 index included Commercial Banks (-5.19%), Chemical (-11.75%), Cement (-10.75%), Pharmaceuticals (-19.67%), and Automobile Assembler (-11.55%). However, some breather was provided by Oil & Gas Exploration Companies (5.64%), Tobacco (9.85%), Technology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

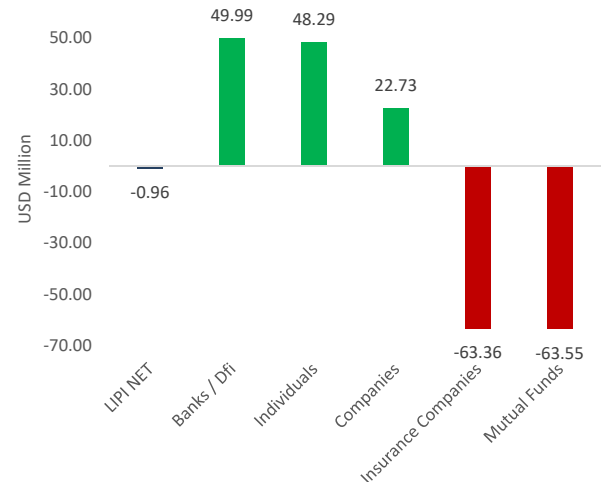
During 1HFY23 investor participation declined as volumes contracted by 36% YoY to PKR 218.54 million from PKR 340.88 million recorded during the same period last year. Furthermore, foreigners remained net buyers with inflows of USD 0.96 million. Major purchasing was witnessed in Technology and Communication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

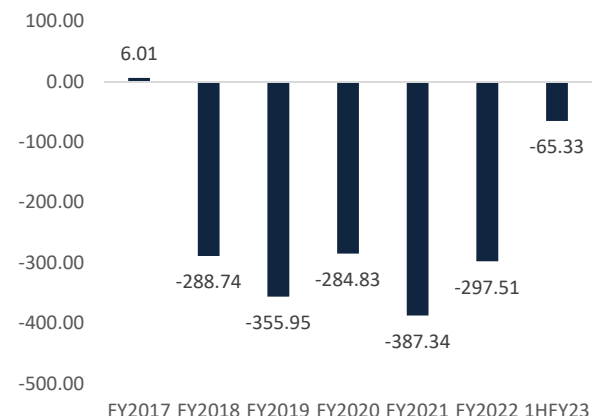
### MARKET MOVERS



### PORTFOLIO INVESTMENT



### FIPI (USD Million)



FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 1HFY23

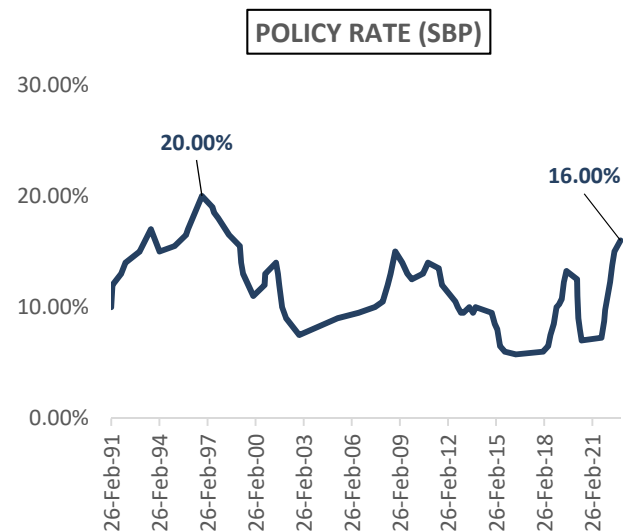
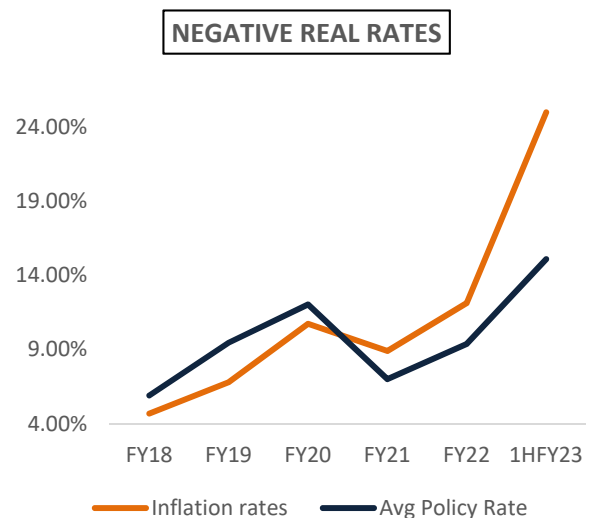
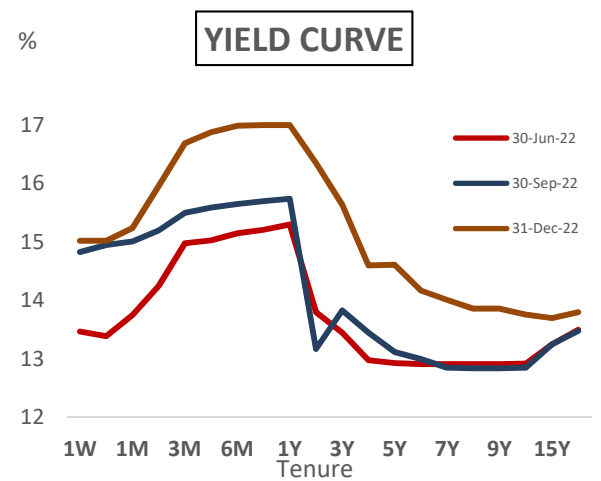
## FIXED INCOME REVIEW

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.

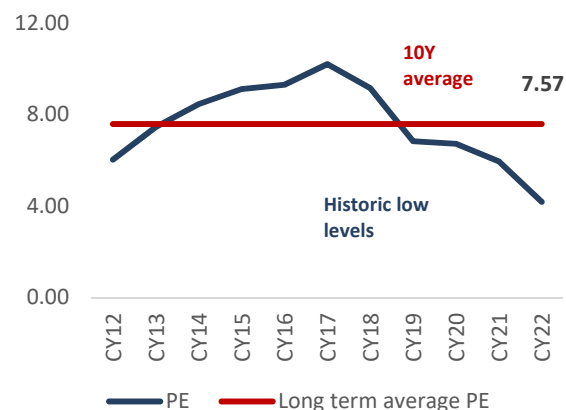
The government presented their Finance Supplementary Bill 2023 on February 15, 2023 to introduce additional taxation measures worth PKR 170 billion. The government took some hard but necessary steps, even jeopardizing their political capital in order to achieve the IMF financing. The main highlights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

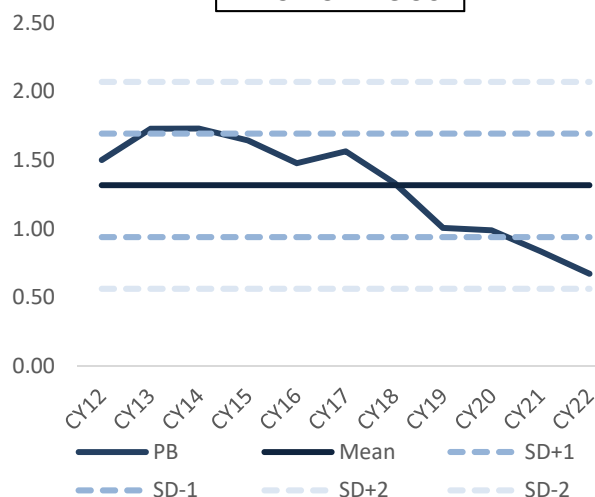
The next monetary policy is expected to be held on March 16, 2023, however, we are anticipating an increase in policy rate of 100-200bps ahead of its regular timeline as signaled by the latest MTBs auction where 1Y yields touched 19.79%. The reason for a surprise rate hike is expected inflation to reach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

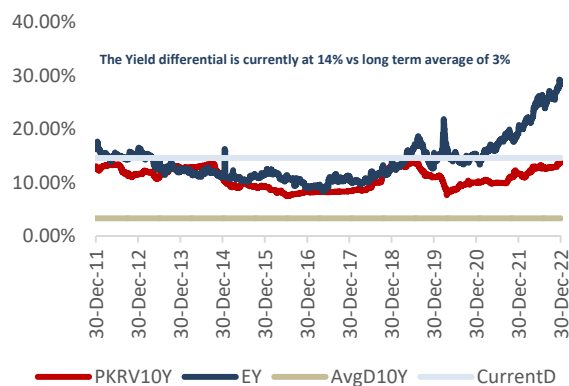
### KSE - 100 PE AT ALL TIME LOW LEVELS



### 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 Cash Fund**



#### **Management Company**

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

#### **Trustee**

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

#### **Bankers**

Askari Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
United Bank Limited

#### **Auditors**

M/s Yousuf Adil  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8,  
KCHSU Shahrah-e-Faisal,  
Karachi-75350

#### **Legal Advisor**

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

#### **Registrar**

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

#### **Distributor**

Financial Investments Mart (Pvt) Ltd.  
Investlink Advisor (Private) Limited.  
Investomate (Private) Limited  
ITMinds Limited.  
YPay Financial Services (Pvt.) Ltd.

#### **Rating-AKDCF**

BY PACRA: AA+(f)

## FUND MANAGER'S REPORT

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

Open – end Money Market Scheme

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

The investment objective of the Fund is to provide optimum return consistent with minimal risk from a portfolio constituted of high quality short term securities / instruments, which will provide liquidity to investors. The fund exclusively invests in highly secure ('AA' and above) debt instruments such that the weighted average maturity of its assets stays below 90 days.

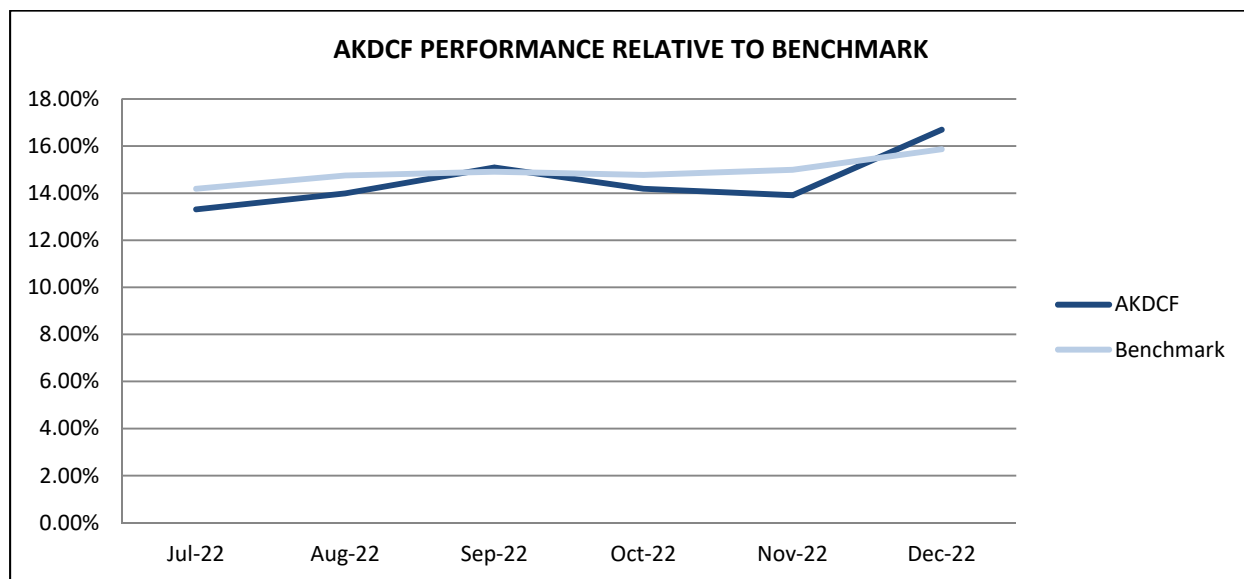
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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

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

70% three (3) months PKRV rate + 30% three (3) months average deposit rate of three (3) AA rated scheduled 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
<b>AKDCF</b>	13.31%	13.99%	15.09%	14.19%	13.91%	16.70%
<b>Benchmark</b>	14.19%	14.75%	14.91%	14.77%	14.99%	15.87%

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

AKD Cash Fund is an Open – end Money Market Scheme. The returns of the fund are generated primarily through investment in high quality short term government securities and short term corporate debt securities.

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

<b>Asset Allocation (% of Total Assets)</b>	<b>31-Dec-22</b>	<b>30-Sep-22</b>
Cash and Cash Equivalents	79.16%	82.38%
Commercial Papers / STS	20.19%	15.91%
Other Assets including Receivables	0.65%	1.71%

viii) **Non-Compliant Investment**

<b>Name of Non-Compliant Investment</b>	<b>Type of Investment</b>	<b>Value of Investment before Provision</b>	<b>Provision held if any</b>	<b>Value of Investment after Provision</b>	<b>Percentage of Net Assets</b>	<b>Percentage of Gross Assets</b>
-----Rupees in '000-----						
K-Electric Limited	Short Term Sukuks	170,000	Nil	170,000	10.37%	10.34%
Investment Avenue	Commercial Papers/STS	332,042	Nil	332,042	20.26%	20.19%

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

<b>1HFY23 Return (annualized)</b>	<b>14.98%</b>
<b>Benchmark Return (annualized)</b>	<b>14.91%</b>

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

<b>Net Assets Value</b>		<b>Change in Net Assets</b>	<b>NAV Per Unit</b>	
<b>31-Dec-22</b>	<b>30-Sep-22</b>		<b>31-Dec-22</b>	<b>30-Sep-22</b>
(Rupees in 000)			(Rupees)	
1,639,006	1,656,239	-1.04%	54.5787	52.5738

xi) **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

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.

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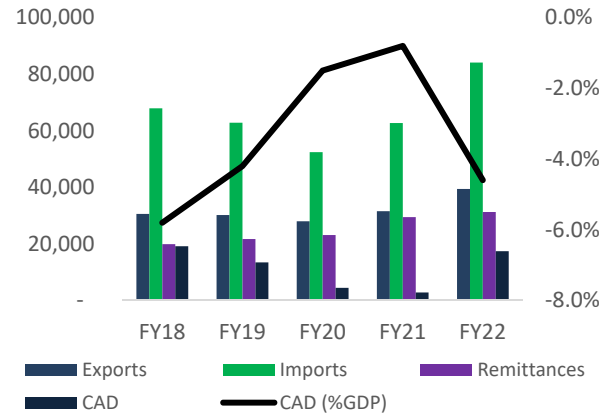
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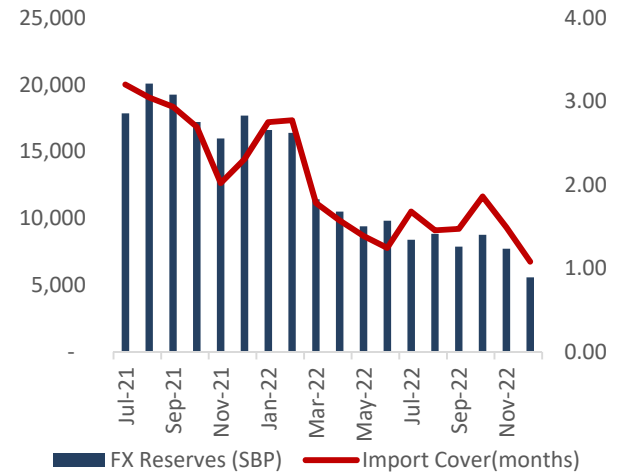
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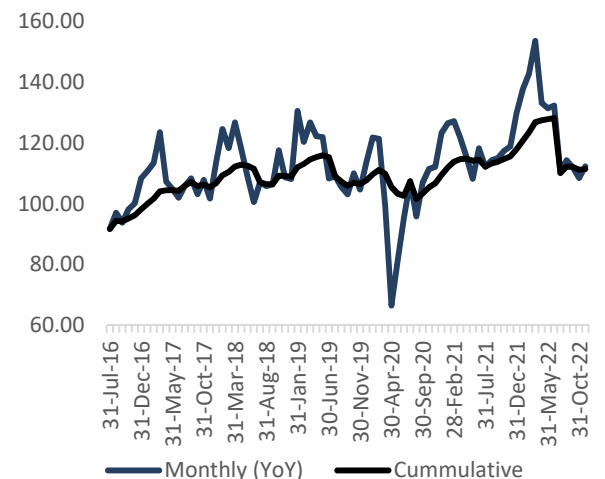
### BALANCE OF PAYMENT



### FX Reserves & Import Cover (mos)



### LARGE SCALE MANUFACTURING INDEX



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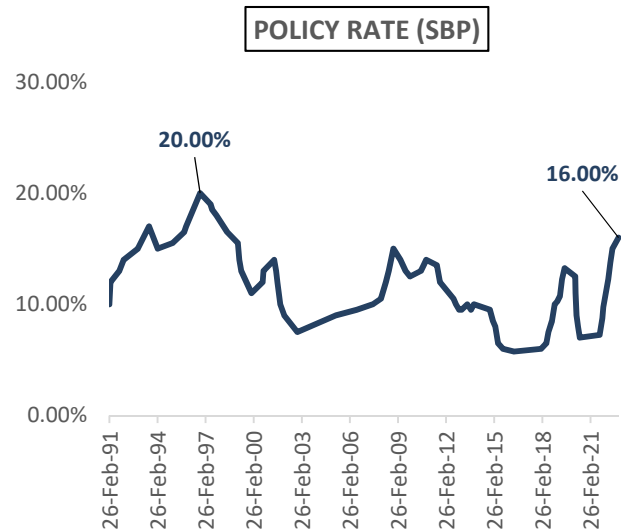
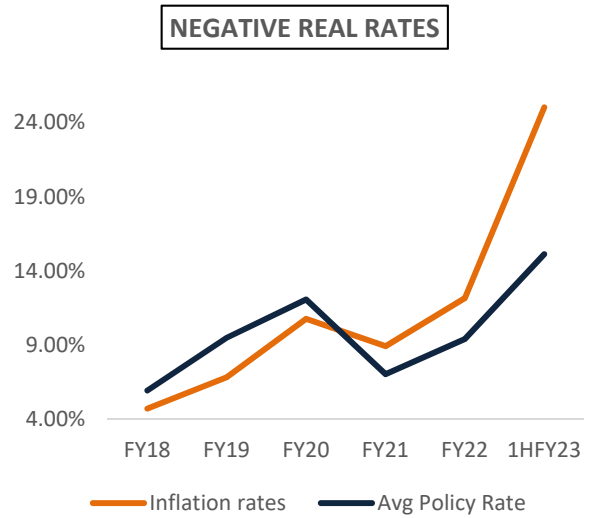
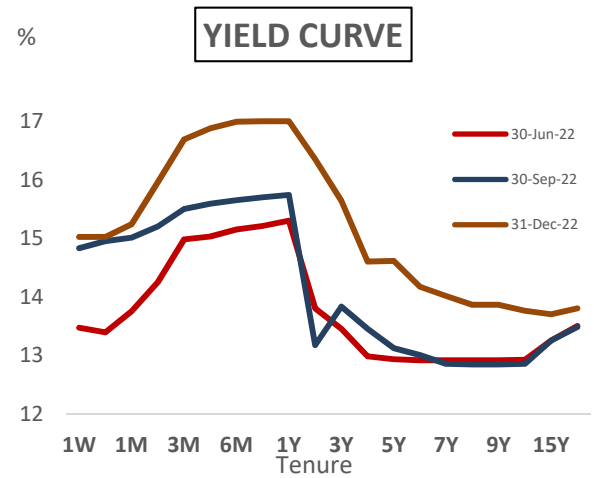
**FIXED INCOME REVIEW**

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.

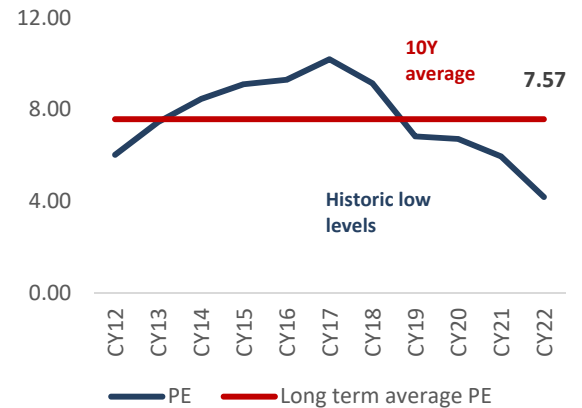
The government presented their Finance Supplementary Bill 2023 on February 15, 2023 to introduce additional taxation measures worth PKR 170 billion. The government took some hard but necessary steps, even jeopardizing their political capital in order to achieve the IMF financing. The main highlights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

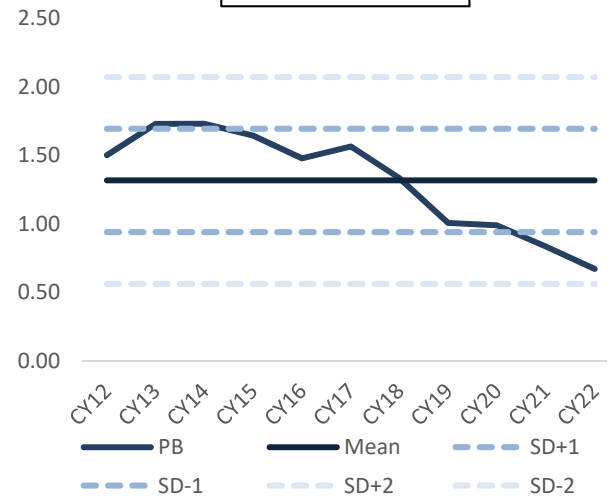
The next monetary policy is expected to be held on March 16, 2023, however, we are anticipating an increase in policy rate of 100-200bps ahead of its regular timeline as signaled by the latest MTBs auction where 1Y yields touched 19.79%. The reason for a surprise rate hike is expected inflation to reach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

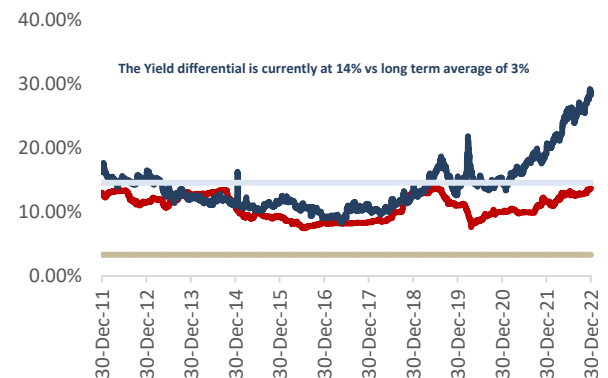
### KSE - 100 PE AT ALL TIME LOW LEVELS



### PB BOTTOMING OUT



### 10Y PIBs vs EY



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

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

<b>Range (Units)</b>	<b>No. of Investors</b>
0.0001 to 9,999	354
10000 to 49999	24
50,000 - 99,999	11
100,000 - 499,999	13
500,000 and above	10
<b>Total</b>	<b>412</b>

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

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

**Head Office:**

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S.M.C.H.S., Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel : (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AKD CASH FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Cash Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 in accordance with the provisions of the following:

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

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

Karachi, February 28, 2023

# **AKD Cash Fund**

Condensed Interim Financial  
Information for the Period Ended  
December 31, 2022

## AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AKD Cash Fund** (the "Fund") as at December 31, 2022, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the six months period ended December 31, 2022 (here-in-after referred to as the 'condensed interim financial information'). The Management Company (**AKD Asset Management Limited**) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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.

### Scope of Review

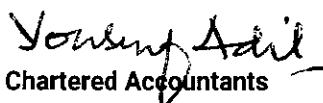
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible 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 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The figures of the condensed interim financial information for the three months period ended December 31, 2022, have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

  
Chartered Accountants

**Engagement Partner**  
Shafqat Ali

**Date:** February 24, 2023  
**Place:** Karachi

**UDIN:** RR202210186QSn0zUBmj


AKD CASH FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2022

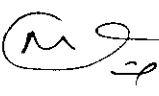
	Note	(Unaudited) December 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2022
<b>ASSETS</b>			
Bank balances	5	11,077	681,431
Investments	6	1,622,891	595,695
Profit receivable on bank deposits and commercial papers		9,812	8,451
Deposits, prepayments and other receivables	7	742	706
Receivable from other funds against conversion of units		200	-
<b>Total assets</b>		<b>1,644,722</b>	<b>1,286,283</b>
<b>LIABILITIES</b>			
Payable to the AKD Investment Management Limited - Management Company	8	1,884	1,442
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	93	68
Payable to Securities and Exchange Commission of Pakistan	10	152	178
Accrued expenses and other liabilities	11	1,492	9,328
Payable against redemption / conversion of units		280	-
Dividend payable		1,815	1,868
<b>Total liabilities</b>		<b>5,716</b>	<b>12,884</b>
<b>NET ASSETS</b>		<b>1,639,006</b>	<b>1,273,399</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,639,006</b>	<b>1,273,399</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>30,030,134</b>	<b>25,093,544</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>54.5787</b>	<b>50.7461</b>

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

MA

For AKD Investment Management Limited  
(Management Company)

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director


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

	Note	Six months period ended December 31,		Three months period ended December 31,	
		2022	2021	2022	2021
<b>INCOME</b>					
Net unrealised appreciation / (diminution) on remeasurement of investments classified 'at fair value through profit and loss'	6.3	878	-	(116)	(10)
Income from government securities		93,101	16,313	55,105	6,074
Capital loss on sale of investments		(1,052)	(454)	(338)	(310)
Income from commercial papers		21,135	1,504	11,604	1,276
Profit on bank deposits		3,336	8,274	1,033	7,943
Other income		-	3,036	-	-
<b>Total income</b>		<b>117,398</b>	<b>28,673</b>	<b>67,288</b>	<b>14,973</b>
<b>EXPENSES</b>					
Remuneration of the AKD Investment Management Limited - Management Company	8.1	3,793	1,340	2,123	737
Sindh sales tax on the remuneration of the Management Company	8.2	493	174	276	96
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	417	201	233	103
Sindh sales tax on the remuneration of trustee	9.2	55	26	31	13
Expenses allocated by the Management Company		1,562	499	1,061	273
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	152	67	85	37
Brokerage and settlement charges		68	31	48	23
Auditor's remuneration		166	153	83	76
Bank charges		162	52	105	25
Fees and subscription		26	14	7	7
Printing and related cost		-	77	-	39
Legal and professional charges		155	372	77	209
<b>Total expenses</b>		<b>7,049</b>	<b>3,006</b>	<b>4,129</b>	<b>1,636</b>
<b>Net income for the period before taxation</b>		<b>110,349</b>	<b>25,667</b>	<b>63,159</b>	<b>13,335</b>
Taxation	14	-	-	-	-
<b>Net income for the period</b>		<b>110,349</b>	<b>25,667</b>	<b>63,159</b>	<b>13,335</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		110,349	25,667	63,159	13,335
Income already paid on units redeemed		(22,250)	(4,453)	(20,075)	(2,750)
		<b>88,099</b>	<b>21,214</b>	<b>43,084</b>	<b>10,585</b>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		88,099	21,214	43,084	10,585
		<b>88,099</b>	<b>21,214</b>	<b>43,084</b>	<b>10,585</b>

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director


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

	Six months period ended December 31,		Three months period ended December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period	110,349	25,667	63,159	13,335
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>110,349</b>	<b>25,667</b>	<b>63,159</b>	<b>13,335</b>

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

MA

For AKD Investment Management Limited  
 (Management Company)

  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Director



AKD CASH FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	Six months period ended December 31,		Three months period ended December 31,	
		2022	2021	2022	2021
(Rupees in '000)					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the period before taxation		110,349	25,667	63,159	13,335
<b>Adjustments for non cash and other items :</b>					
Net unrealised (appreciation) / diminution on remeasurement of investments classified at 'fair value through profit or loss'		(878)	-	116	10
Other income		-	(3,036)	-	-
		<b>109,471</b>	<b>22,631</b>	<b>63,275</b>	<b>13,345</b>
<b>(Increase) / decrease in assets</b>					
Profit receivable on bank deposits and commercial papers		(1,361)	(3,501)	7,667	(3,226)
Deposits, prepayments and other receivables		(36)	(27)	7	3,560
		<b>(1,397)</b>	<b>(3,528)</b>	<b>7,674</b>	<b>334</b>
<b>Increase / (decrease) in liabilities</b>					
Payable to the AKD Investment Management Limited - Management Company		442	189	327	68
Payable to the Central Depository Company of Pakistan Limited - Trustee		25	17	15	2
Payable to Securities and Exchange Commission of Pakistan		(26)	(21)	85	37
Accrued expenses and other liabilities		(7,836)	(2,051)	713	2,366
		<b>(7,395)</b>	<b>(1,866)</b>	<b>1,140</b>	<b>2,473</b>
Investments - net		(66,940)	245,708	(57,858)	(33,561)
<b>Net cash generated from / (used in) operating activities</b>		<b>33,739</b>	<b>262,945</b>	<b>14,231</b>	<b>(17,409)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Amount received on issuance of units		995,502	1,455,453	469,129	930,663
Payment made against redemption of units		(740,164)	(999,382)	(549,441)	(674,875)
Dividend		(53)	1,593	(53)	1,593
<b>Net cash generated from / (used in) financing activities</b>		<b>255,285</b>	<b>457,664</b>	<b>(80,365)</b>	<b>257,381</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>289,024</b>	<b>720,609</b>	<b>(66,134)</b>	<b>239,972</b>
Cash and cash equivalents at beginning of the period		1,012,902	116,372	1,368,060	597,009
<b>Cash and cash equivalents at end of the period</b>	15	<b>1,301,926</b>	<b>836,981</b>	<b>1,301,926</b>	<b>836,981</b>

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director


**AKD CASH FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six months period ended December 31, 2022			Six months period ended December 31, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in '000)						
Net assets at beginning of the period	1,268,034	5,365	1,273,399	416,123	2,436	418,559
Issue of 18,916,853 (2021: 28,328,419) units						
- Capital value (at Ex-Net asset value per unit at beginning of the period)	959,956	-	959,956	1,434,231	-	1,434,231
- Element of income	35,746	-	35,746	32,818	-	32,818
Total proceeds on issuance of units	995,702	-	995,702	1,467,049	-	1,467,049
Redemption of 13,980,263 (2021 :19,274,330) units						
- Capital value (at Ex-Net asset value per unit at beginning of the period)	(709,444)	-	(709,444)	(975,834)	-	(975,834)
- Amount paid out of element of income relating to net income for the year after taxation	-	(22,250)	(22,250)	-	(4,453)	(4,453)
- Element of loss	(8,750)	-	(8,750)	(19,345)	-	(19,345)
Total payments on redemption of units	(718,194)	(22,250)	(740,444)	(995,179)	(4,453)	(999,632)
Total comprehensive income for the period	-	110,349	110,349	-	25,667	25,667
Net assets at end of the period	1,545,542	93,464	1,639,006	887,993	23,650	911,643
Undistributed income brought forward						
- Realised income		5,020			2,389	
- Unrealised income		345			47	
		5,365			2,436	
- Relating to capital gains		-			-	
- Excluding capital gains		88,099			21,214	
		88,099			21,214	
Undistributed income carried forward		93,464			23,650	
Undistributed income carried forward						
- Realised income		92,586			23,650	
- Unrealised income		878			-	
		93,464			23,650	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>50.7461</u>			<u>50.6287</u>
Net assets value per unit at end of the period			<u>54.5787</u>			<u>52.6313</u>

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

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

## AKD CASH FUND

### NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022

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

AKD Cash Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on August 15, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Initial Public Offering (IPO) of the Fund was made during the period from January 19, 2012 to January 20, 2012. The Fund commenced operations from January 21, 2012. 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. January 19, 2012.

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

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

The Fund is categorised as Money Market Fund as per circular 7 of 2009 by SECP. The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments, money market placements, deposits with banks, certificate of deposits, certificate of musharakas, commercial papers and reverse repos.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Management Company has been assigned a quality rating of "AM3++" by the Pakistan Credit Rating Agency Limited (PACRA) on June 30, 2022. The Fund has been given stability rating of 'AA+(f)' by PACRA on September 7, 2022.

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

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

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 VIII A of the repealed companies ordinance 1984 ; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A 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 VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

*m*

2.1.2 The disclosures made in this condensed interim financial information has, however, been limited based on the requirements of IAS-34. 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 June 30, 2022.

2.1.3 In compliance with Schedule V of the NBFC Regulations, 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 December 31, 2022.

2.1.4 The SECP through its letter no. SC/NBFC-191/IFRS-9/2022 dated September 29, 2022 has deferred the applicability of International Financial Reporting Standard 9 for Non-Banking Finance Companies and Modarabas, as "Reporting period/year ending on or after June 30, 2024".

## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

This condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS 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 June 30, 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 June 30, 2022.

3.3 There are certain amended standards and interpretations on accounting and reporting standards as applicable in Pakistan 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 accounting policies of the Fund and 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 June 30, 2022.

	Note	(Unaudited) December 31, 2022	(Audited) June 30, 2022
----- (Rupees in '000) -----			
<b>5. BANK BALANCES</b>			
Savings accounts	5.1	11,072	681,421
Current accounts		5	10
		<u>11,077</u>	<u>681,431</u>

5.1 Mark-up rates on these accounts range between 14.5% to 15% per annum (June 30, 2022: 12.25 to 15% per annum).

	Note	(Unaudited) December 31, 2022	(Audited) June 30, 2022
----- (Rupees in '000) -----			
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
- Government securities - Market treasury bills	6.1	1,290,849	331,471
<b>At amortised cost</b>			
- Commercial papers / short term sukuk (STS)	6.2	332,042	264,224
		<u>1,622,891</u>	<u>595,695</u>

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## 6.1 Government securities - Market treasury bills

Issue Date	Tenor	Face value				Balance as at December 31, 2022			Market value as a percentage of	
		As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022	Carrying value	Market value	Appreciation / (diminution)	Investments	Net assets
(Rupees in '000)										
(%)										
March 10, 2022	6 Months	-	625,000	625,000	-	-	-	-	-	-
June 2, 2022	3 Months	70,000	-	70,000	-	-	-	-	-	-
June 2, 2022	3 Months	20,000	-	20,000	-	-	-	-	-	-
June 16, 2022	3 Months	175,000	-	175,000	-	-	-	-	-	-
June 16, 2022	3 Months	75,000	-	75,000	-	-	-	-	-	-
July 28, 2022	3 Months	-	500,000	500,000	-	-	-	-	-	-
July 28, 2022	3 Months	-	100,000	100,000	-	-	-	-	-	-
August 11, 2022	3 Months	-	50,000	50,000	-	-	-	-	-	-
August 11, 2022	3 Months	-	200,000	200,000	-	-	-	-	-	-
August 11, 2022	3 Months	-	17,000	17,000	-	-	-	-	-	-
August 11, 2022	3 Months	-	9,000	9,000	-	-	-	-	-	-
August 11, 2022	3 Months	-	50,000	50,000	-	-	-	-	-	-
August 11, 2022	3 Months	-	540,000	540,000	-	-	-	-	-	-
August 25, 2022	3 Months	-	65,000	65,000	-	-	-	-	-	-
August 25, 2022	3 Months	-	50,000	50,000	-	-	-	-	-	-
August 25, 2022	3 Months	-	60,000	60,000	-	-	-	-	-	-
August 25, 2022	3 Months	-	250,000	250,000	-	-	-	-	-	-
August 25, 2022	3 Months	-	350,000	350,000	-	-	-	-	-	-
September 8, 2022	3 Months	-	10,000	10,000	-	-	-	-	-	-
September 8, 2022	3 Months	-	140,000	140,000	-	-	-	-	-	-
September 8, 2022	3 Months	-	200,000	200,000	-	-	-	-	-	-
September 8, 2022	3 Months	-	200,000	200,000	-	-	-	-	-	-
September 8, 2022	3 Months	-	1,300,000	1,300,000	-	-	-	-	-	-
September 8, 2022	3 Months	-	35,000	35,000	-	-	-	-	-	-
September 22, 2022	3 Months	-	25,000	25,000	-	-	-	-	-	-
October 6, 2022	3 Months	-	100,000	100,000	-	-	-	-	-	-
October 6, 2022	3 Months	-	720,000	720,000	-	-	-	-	-	-
October 6, 2022	6 Months	-	125,000	125,000	-	-	-	-	-	-
October 6, 2022	3 Months	-	400,000	400,000	-	-	-	-	-	-
October 6, 2022	3 Months	-	55,000	55,000	-	-	-	-	-	-
October 6, 2022	3 Months	-	80,000	80,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	25,000	25,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	720,000	720,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	40,000	40,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	33,000	33,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	512,000	512,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	700,000	700,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	135,000	-	135,000	134,345	134,392	47	8.28	8.20
October 20, 2022	3 Months	-	65,000	-	65,000	64,689	64,707	18	3.99	3.95
October 20, 2022	3 Months	-	213,000	37,000	176,000	175,157	175,207	50	10.80	10.69
October 20, 2022	3 Months	-	215,000	215,000	-	-	-	-	-	-
October 20, 2022	3 Months	-	500,000	500,000	-	-	-	-	-	-
November 3, 2022	3 Months	-	40,000	40,000	-	-	-	-	-	-
November 3, 2022	3 Months	-	17,000	17,000	-	-	-	-	-	-
November 3, 2022	3 Months	-	50,000	50,000	-	-	-	-	-	-
November 3, 2022	3 Months	-	545,000	545,000	-	-	-	-	-	-
November 17, 2022	3 Months	-	65,000	45,000	20,000	19,676	19,676	-	1.21	1.20
November 17, 2022	3 Months	-	485,000	-	485,000	476,635	477,129	494	29.40	29.11
December 15, 2022	3 Months	-	500,000	500,000	-	-	-	-	-	-
December 29, 2022	3 Months	-	400,000	-	400,000	383,074	383,322	248	23.62	23.39
December 29, 2022	3 Months	-	38,000	-	38,000	36,395	36,416	20	2.24	2.22
December 30, 2021	12 Months	-	130,705	130,705	-	-	-	-	-	-
<b>Total Investment as at December 31, 2022</b>						<b>1,289,971</b>	<b>1,280,849</b>	<b>878</b>		
Total Investment as at June 30, 2022						331,126	331,471	345		

## 6.2 Commercial papers / short term sukuk (STS)

Investee Company	Rate of return per annum	Issue date	Maturity date	Face value				Carrying value as at December 31, 2022	Rating	Face value as percentage of	
				As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022			Investments	Net assets
(Rupees in '000)											
(%)											
<b>Power Generation and Distribution</b>											
K-Electric Limited	14.00	April 12, 2022	October 12, 2022	110,000	-	110,000	-	-	-	-	-
Lucky Electric Power Company Limited	16.45	October 13, 2022	April 13, 2023	-	40,000	-	40,000	40,000	A1+	2.48	2.44
K-Electric Limited (note 6.2.1)	16.40	October 26, 2022	April 26, 2023	-	150,000	-	150,000	150,000	A1+	9.24	9.15
K-Electric Limited (note 6.2.1)	16.34	December 13, 2022	June 13, 2023	-	20,000	-	20,000	20,000	A1+	1.23	1.22
China Power Hub Generation Company (Private) Limited	14.05	April 12, 2022	October 10, 2022	112,224	-	112,224	-	-	-	-	-
China Power Hub Generation Company (Private) Limited	16.42	December 07, 2022	June 07, 2023	-	30,000	-	30,000	30,000	A1+	1.85	1.83
Lucky Electric Power Company Limited	14.23	April 14, 2022	October 14, 2022	15,000	-	15,000	-	-	-	-	-
Lucky Electric Power Company Limited	16.83	June 15, 2022	December 15, 2022	27,000	-	27,000	-	-	-	-	-
Lucky Electric Power Company Limited	17.34	November 1, 2022	May 2, 2023	-	92,042	-	92,042	92,042	A1+	5.67	5.62
<b>Investments as at December 31, 2022</b>							<b>332,042</b>	<b>332,042</b>			
Investments as at June 30, 2022							264,224	264,224			

6.2.1 The exposure limit of investment in single company as a percentage of net assets exceeded by 0.37% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations.

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		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>6.3</b>	<b>Net unrealised appreciation on re-measurement of investments classified 'at fair value through profit or loss'</b>		
	Market value of investments	6.1 1,290,849	331,471
	Carrying amount of investments	6.1 (1,289,971)	(331,126)
		<u>878</u>	<u>345</u>

**7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	Security deposits with Central Depository Company of Pakistan Limited	100	100
	Prepaid listing fee of PSX	14	-
	Advance tax	7.1 628	606
		<u>742</u>	<u>706</u>

**7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance), payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150 of the Ordinance. However, uptill period ended December 31, 2022, withholding tax on profit on debt to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II - 66417- R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder.

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>8.</b>	<b>PAYABLE TO THE AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Management fee	8.1 745	541
	Sindh sales tax on management fee	8.2 97	70
	Expenses allocated by the Management company	8.3 373	162
	Federal excise duty on management fee	8.4 669	669
		<u>1,884</u>	<u>1,442</u>

**8.1** As per the offering document the Management Company has charged remuneration at the following rates per annum of the average net assets of the Fund. The remuneration is paid to the management on a monthly basis in arrears.

Net Assets of the Fund	Remuneration Rate (Per annum)
Up to Rupees 1 billion	0.40%
Over Rupees 1 billion	0.50%

**8.2** Sindh Sales Tax on services at the rate of 13% (June 30, 2022: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.

**8.3** The Management Company has charged expenses at the rate of 0.15% in the first quarter and 0.25% in the second quarter (June 30, 2022: 0.15%) per annum of the average annual net assets of the Fund.

**8.4** There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the note 8.4 to annual audited financial statements of the Fund for the year ended June 30, 2022. Had the said provision for FED not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2022 would have been higher by Re. 0.0222 (June 30, 2022: Re. 0.027) per unit.

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		(Unaudited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
<b>9.</b>	<b>PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Trustee fee	9.1      82	59
	Sindh sales Tax on trustee fee	9.2      11	8
	CDS charges payable	-	1
		<u>93</u>	<u>68</u>

9.1 The Trustee is entitled to a remuneration to be paid monthly 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 remuneration is paid to the Trustee at 0.065% (June 30, 2022: 0.065%) of net assets on monthly basis in arrears.

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

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
<b>10.</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable to SECP	10.1      152	178

10.1 Under the provisions of Non-Banking finance Companies and Notified Entities Regulations, 2008 all collective investment schemes are required pay annual fee, to the Securities Exchange Commission of Pakistan, an amount equal to 0.02% (2022: 0.02%) of the average annual net assets of the scheme.

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
<b>11.</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditor's remuneration	165	246
	Printing charges payable	150	150
	Withholding tax payable	1,057	8,896
	Rating fee payable	101	-
	Brokerage payable	15	1
	Zakat payable	-	35
	Others	4	-
		<u>1,492</u>	<u>9,328</u>

**12. CONTINGENCIES AND COMMITMENTS**

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

**13. TOTAL EXPENSE RATIO**

The total expense ratio of the Fund from July 01, 2022 to December 31, 2022 is 0.93% annualised (June 30 2022: 0.85%), which includes 0.09% (June 30, 2022 : 0.09%) representing government levy and SECP fee.

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14. TAXATION

The Fund's income is exempt from Income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and 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 capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) and section 113 C (Alternate Corporate tax) under clause 11A of Part IV of the second Schedule to the income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year 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.

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

15. CASH AND CASH EQUIVALENTS

Bank balances	11,077	681,431
Market treasury bills (with original maturity of three months or less)	<u>1,290,849</u>	<u>331,471</u>
	<u>1,301,926</u>	<u>1,012,902</u>

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include AKD Investment Management Limited (being the Management Company) and its related entities, Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and key management personnel of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

The details of transactions carried out by the Fund with related parties / connected persons and balances with them are as follows:

(Unaudited) For the half year ended December 31,	
2022	2021
----- (Rupees in '000) -----	

16.1 Transactions during the period

**AKD Investment Management Limited - Management Company**

Issue of nil units 39,310 (2021 : Nil)	2,000	-
Redemption of nil units 39,310 (2021 : Nil)	2,004	-
Management remuneration	3,793	1,340
Sindh sales tax on management remuneration	493	174
Expenses allocated by the Management Company	1,562	499

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

Trustee remuneration	417	201
CDC charges	1	3
Sindh sales tax on trustee remuneration	55	26

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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 IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

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

ASSETS	(Unaudited) As at December 31, 2022			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
Government securities - Market treasury bills	-	1,290,849	-	1,290,849

ASSETS	(Audited) As at June 30, 2022			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
Government securities - Market treasury bills	-	331,471	-	331,471

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 December 31, 2022 and December 31, 2021 in this condensed interim financial information, has not been subject to limited scope review by the auditors.

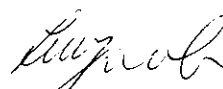
18.2 Comparative figures have been reclassified where necessary for the purpose of better presentation and comparison.

19. DATE OF AUTHORISATION FOR ISSUE

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

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For AKD Investment Management Limited  
(Management Company)

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director



**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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