

Quarterly Report

March 31, 2023

(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 Islamic Stock Fund (AKDISSF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Daily Dividend Fund (AKDIDDF) is pleased to present its nine months report along with the Funds' unaudited Financial Statements for the period ended March 31, 2023

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 9MFY23, the return of AKD Opportunity Fund stood at -3.88% compared to the benchmark KSE-100 Index return of -3.71%.

Golden Arrow Stock Fund (GASF)

For the 9MFY23, the return of Golden Arrow Stock Fund stood at -7.81% compared to the benchmark KSE-100 Index return of -3.71%.

AKD Islamic Stock Fund (AKDISSF)

For the 9MFY23, the return of AKD Islamic Stock Fund stood at -17.14% compared to the benchmark KMI-30 Index return of 0.83%.

AKD Index Tracker Fund (AKDITF)

For the 9MFY23, the return of AKD Index Tracker Fund stood at -4.31% compared to the benchmark KSE-100 Index return of -3.71%.

AKD Cash Fund (AKDCF)

For the 9MFY23, the annualized return of AKD Cash Fund stood at 15.55% compared to the benchmark return of 15.81%.

AKD Islamic Income Fund (AKDISIF)

For the 9MFY23, the annualized return of AKD Islamic Income Fund stood at 16.14% compared to the benchmark return of 5.83%.

AKD Aggressive Income Fund (AKDAIF)

For the 9MFY23, the annualized return of AKD Aggressive Income Fund stood at 7.63% as compared to the benchmark return of 17.42%.

AKD Islamic Daily Dividend Fund (AKDIDDF)

For the 9MFY23, the annualized return of AKD Islamic Daily Dividend Fund stood at 15.26% as compared to the benchmark return of 6.38%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (Cash Dividend) of Re. 0.89354 per unit to the unit holders during the period from February 17, 2023 to March 31, 2023.

MACRO PERSPECTIVE

The global economy witnessed another challenging year with growing international tensions among the most powerful nations following the invasion of Ukraine by Russia, triggering sanctions from the West in retaliation and setting off soaring commodity prices further exasperating inflationary pressures. Most economies around the globe with a handful of exceptions were already in a fragile state, struggling to recover from the aftermath of the pandemic are now in dire straits with unsustainable debt levels amid a global recession. With the unprecedented printing of money through Quantitative Easing in response to the financial crisis of 2008 and then the COVID Pandemic, central banks have had no choice it seems but to resort to monetary tightening to counter inflation and avert capital flight. Without say, bankruptcies and sovereign defaults by under developed and smaller economies remains a serious threat, while the impasse between the US, China and Russia has unfolded perhaps the actual bone of contention - dollarization. Likewise the IMF has also cautioned the World, that a significant global recovery given the unprecedented uncertainties faced today seems unlikely at least in the near term.

Global spillovers did not spare the domestic market; since, Pakistan is largely dependent on imported energy eventually resulting in headline inflation peaking at 35% levels. The State Bank of Pakistan (*SBP*) in their last Monetary Policy Committee (*MPC*) also increased the interest rates to 21% (*all time high levels*) to decelerate economic activity and resorted to measures such as import quotas and selective imports to control the external account. In addition, with the global slowdown, Pakistan's exports are no exception with the textile sector witnessing a 23% YoY / 12% FYTD reduction in exports to USD 12.48 billion during 9MFY23.

During the course of the year, the country was plagued by intense political turmoil from the ouster of PM Imran Khan through a no confidence vote by the Pakistan Democratic Movement (*PDM*) - a coalition government of most opposition parties - with Shahbaz Sharif as the new PM. Since the onset, massive protests all over the country as former PM Khan called for snap elections, coupled with the appointment of the new COAS, and the dissolution of assemblies further antagonized an already difficult situation.

The Current Account Surplus for the month of March 2023 clocked in at USD 654 million, from a Current Account Deficit (CAD) of USD 36 million in February 2023 taking the 9MFY23 CAD to USD 3.37 billion against USD 13.01 billion, down -74% YoY during the same period last year primarily on the back of import controls. The total Imports witnessed a hefty decline of -24% YoY from USD 62.29 billion to USD 47.25 billion during 9MFY23 whereas the total exports also declined by -8% YoY from USD 28.98 billion to USD 26.62 billion. Furthermore, foreign workers continued to support the external account which also declined -11% YoY from USD 23.02 billion to USD 20.53 billion. On a monthly basis, the imports, exports and remittances all increased by 2%, 9% and 27%, respectively. Reportedly, the current account

surplus figure was mainly attributed to the 27% MoM increase in remittances during the holy month of Ramadan and with the spread between the interbank and kerb dollar rates notably encouraged flows from the official channel.

The Government's resilient efforts to attract investments from Non-Resident Pakistanis continues to bear fruit, with an impressive inflow of USD 5.97 billion through Roshan Digital Accounts (RDA) with more than 540,000 accounts till March 2023.

Moreover, the FBR collected revenues worth PKR 4.49 trillion during 8MFY23 against 3.82 trillion (*up 18% YoY*) in SPLY despite a major slowdown in economic activity. As per the FBR figures, direct tax collection witnessed robust growth of 47% during 8MFY23 as the Government's policy of shifting the tax burden to wealthy and affluent segments of society are yielding results.

During the quarter under review the external account remained a major cause of concern as Pakistan's liquid foreign exchange reserves decreased by USD 1.09 billion. As of March 31, 2023, the Country's liquid foreign exchange reserves stood at USD 9.76 billion (*SBP reserves USD 4.21 billion*). Although it is widely expected that aid and grants from bilateral partners like UAE, KSA with the completion of the IMF 9th EEF review will provide the much needed respite to the dwindling reserves and enervating exchange rate, political uncertainties and undue delays in finalizing financial arrangements have kept investor optimism in check.

In spite of international commodity prices coming off from their post pandemic highs, the sharp depreciation of the Pakistani rupee overshadowed prospects of countering inflation. The NCPI during the month of March 2023 clocked in at 35.37% YoY as compared to 31.55% YoY in February 2023 higher than the market consensus. This took the 9MFY23 average NCPI to 27.26% compared to 10.77% 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 17.49% YoY because of the increasing utility prices and exchange devaluation. Furthermore, a heavy increase was observed in the Food and Non-alcoholic Beverages Index (*weight in CPI 34.58%*) with an impact of 47.15% YoY due to an increase in prices of tomatoes, pulses, vegetables, and cooking oil during the month as the holy month of Ramadhan approached. We expect Inflation 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.

The Large scale manufacturing Index (*LSMI*) output declined by -11.59% YoY in February 2023 compared to the same period last year which was the sixth consecutive decline as a result of expensive raw material costs in the light of currency devaluation, availability of foreign exchange, high interest rates, and a global recession. Also, the induced measures adopted by the government and SBP to slowdown aggregate demand levels is notably playing out.

EQUITY MARKET REVIEW

The Equity market (*KSE-100 index*) witnessed a roller coaster ride during 9MFY23 to close at 40,000.83 level losing 1,540 points (-1.04% QoQ / -10.97% YoY). The market faced major setbacks in the form of extensive monetary tightening by 725 bps, cataclysmic floods that caused losses estimated at more than USD 40 billion, inflation soaring to 35%, diminishing FX reserves, and an unsustainable current account deficit (*CAD*). On the flip side, 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, impressive GDP growth of 5.97% and Pakistan securing financial support from its bilateral partners like China's USD 500 million ICBC loan tranche and USD 2 billion SAFE rollovers along with the commitments of USD 10 billion in Geneva conference. Needless to say, the political impasse between the ruling government and Khan's PTI remained a key concern for investors as it seems liquidity continued to flow to safer havens including gold and US Dollars.

During 3QFY23, the sectors that took a toll on the KSE-100 index included Food & Personal Care Products (-14.86%), Tobacco (-29.49%), Commercial Banks (-3.61%), Miscellaneous (-29.15%), and Pharmaceuticals (-11.62%). However, some breather was provided by Fertilizers (1.59%), Investment Banks (3.24%), Glass & Ceramics (3.20%), Oil & Gas Exploration Companies (0.21%), and Chemicals (0.33%).

On a 10Y period, the KSE - 100 index yielded an annualized return of 8.29% (-2.60% *annualized in USD terms*), however, foreign investors could not benefit from these gains on the back of -10.05% annualized devaluation of the PKR. The persistent decline in the local currency against the US Dollar has kept foreign investors at bay despite extremely compelling valuations. While foreigners have been on the sell side for several years now withdrawing USD 48.13 million in CY22 alone; frontier market investors are likely to turn net buyers given the unprecedented currency adjustment and cheap valuations provided that Pakistan successfully restarts the stalled IMF program.

We believe that implementing key reforms required for rejuvenating the stalled IMF program, will be positive for the economy and capital markets as a whole; especially, the resolution of circular debt which will inevitably unlock much needed liquidity and stock values.

During 9MFY23 investor participation declined as volumes contracted by 34% YoY to 202.48 million shares from 304.58 million shares recorded during the same period last year. Furthermore, foreigners remained net buyers with inflows of USD 7.17 million. Major purchasing was witnessed in Technology and Communication (*USD 44.87 million*) and Oil and Gas Exploration Companies (*USD 22.77 million*) as foreigners went in to bag bargain valuations. On the local front, major selling was witnessed in Mutual Funds (*110.99 million*) and Insurance Companies (*USD 105.40 million*) as panic swayed away local investors to safer havens and fixed income given that interest rates are almost at record highs.

The market continues to trade at exceedingly attractive multiples with Forward PE and PB of 3.33x and 0.69x with a discount of more than 40% as compared to their long-term averages. The market is also offering a healthy dividend yield of 10% which is the highest compared to its regional counterparts. However, political uncertainty and fixed income yields remain major impediments to liquidity flowing into the capital market keeping significant upside in check.

FIXED INCOME REVIEW

During 9MFY23, twenty (20) Market Treasury Bill (MTB) auctions were carried out by the State Bank of Pakistan, where the government managed to raise PKR 14.79 trillion against the auction target of PKR 16.15 trillion. The Weighted average yield of 3, 6 and 12 months MTB were 16.78%, 16.73% and 16.78% respectively, up by 788 bps, 742 bps and 751 bps as compared to 8.90%, 9.30% and 9.27% same period last year.

To further address the need for liquidity, SBP also conducted nine (9) auctions of fixed rate Pakistan Investment Bond (PIB) and was successful in raising PKR 968.93 billion. The weighted average yield for 3, 5 and 10 year PIBs increased by 421 bps, 319 bps and 243 bps to 14.07%, 13.28% and 12.95% respectively, as compared to 9.86%, 10.08% and 10.52% same period last year.

The Monetary Policy Committee (MPC) announced six (6) Monetary Policy Statements during 9MFY23, increasing the policy rate by 625 bps to 20.00% to counter inflationary pressures (9MFY23 average NCPI: 27.26%) and contain risks to external stability. The State Bank of Pakistan in its last Monetary Policy Statement dated April 4, 2023 decided to take a forward looking approach on inflation and increased the policy rate by an additional 100bps to 21%. On the flip side, the Central Bank also cited that they anticipate to achieve the medium term inflation target over the next 8 quarters; hence, suggesting that perhaps the long term interest rate cycle of monetary tightening is nearing an end. Furthermore, SBP conducted 99 Open Market Operations (OMO) of different maturities and injected PKR 36.42 trillion in the market at an average cut off yield of 16.24% and mopped-up PKR 5.50 trillion at an average cut off yield of 15.82%.

As per the auction target calendar for April– June 2023, the SBP targets to raise PKR 6.40 trillion by issuing 3 to 12 month tenor MTB against the maturing amount of PKR 5.57 trillion. In addition, SBP also targets to raise PKR 300 billion through 3 to 30 years tenor fixed rate PIB and PKR 840 billion through 2 to 10 years floating rate PIB.

FUTURE OUTLOOK

As we move closer to the end of FY23, the pending staff level agreement with IMF on the 9th EFF review remains a key trigger for the economy and the capital markets after guarantees of financial assistance have been received from bilateral partners which is likely to curtail exchange rate volatility amid restricted imports and dwindling FX reserves. On the political front, the postponement of elections in Punjab by the Election Commission of Pakistan which in retrospect has led to a stand-off between judiciary and government has further made worse an already fluid situation as an amicable solution to this political impasse still seems far.

We believe that the commitments received from the friendly countries and unpopulous fiscal steps undertaken through the Finance Supplementary Bill, monetary contraction/high interest rates, free float currency and rising energy prices reportedly should satisfy IMF conditions related to the 9TH EFF review, which will eventually unlock stalled funding and help the Country in averting a sovereign default.

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 “politically difficult” but necessary fiscal steps sacrificing political capital to rejuvenate the IMF program. 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 the last notable action required to secure IMF round of financing. While these fiscal measures undertaken by the government are widely unpopular, we believe that they are economic positive given unsustainable twin deficits successive governments have been recording over the years as fiscal discipline and reforms is well overdue.

As per the World Bank report dated April 4, 2023 titled “Pakistan Development Update”, Pakistan is currently facing external and fiscal sustainability challenges and the outlook remains largely dependent on the effective implementation of reforms. The headline inflation rose to a multi-decade high along with external account vulnerabilities as the country largely remains import dependent. Moreover, despite government’s continuous efforts towards consolidation, the fiscal deficit increased to PKR 1.68 trillion in 1HFY23. The Country faces numerous economic and fiscal challenges with rising public debt coupled with record high interest rates and depleting foreign exchange reserves, Pakistan’s sovereignty seems unsustainable without external support. However, the government’s seriousness and will towards fiscal consolidation and averting a sovereign default is indeed encouraging and will likely bring back much needed economic stability. Needless to say, the WB in its report due to the aforementioned factors cut its GDP growth forecast for Pakistan to 0.4%.

Furthermore, as per the SBP MPC calendar, the next MPC is expected to be held on June 12, 2023 in which it is likely the SBP to maintain the policy rate at 21% as inflation is expected to peak. Moreover, we expect the inflation levels to come down post 1QFY24 due to base rate effect kicking in and a further cooling off in global commodity prices amid a global slowdown, providing the Central Bank space to revert to a monetary easing stance. Moreover, high-frequency indicators such as Auto, Cement and OMC sales have already started to reflect volumetric declines and may remain under pressure during FY24.

While Pakistan faces one of the worst economic crisis’ in recent history, we believe that equities as an asset class has over discounted itself. The premise of our positive outlook and re-rating of the capital market stems from the likelihood of Pakistan successfully completing its IMF program which will notably entail a continuity in reforms and fiscal discipline. The index is trading at a PE multiple of 3.33x below the 2008 global financial crisis level. The dividend yield is attractive at 10% which is the highest in the

region and with the last REER recorded at 85.6203 in March 2023 suggesting the currency has room to appreciate will probably justify and attract foreign investment which can also be noted by the recent month's inflows. We believe that the market currently serves as a striking point for investors.

For and on behalf of the Board

IMRAN MOTIWALA
Chief Executive Officer

ABDUL KARIM
Chairman

Karachi: April 28, 2023

FUND INFORMATION

AKD Islamic Daily Dividend Fund



Management Company

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

Legal Advisor

Siddiqui & Raza
Office # 301, 3rd Floor, The Plaza
Block No. 9, Clifton, Karachi.

Trustee

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

Registrar

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

Bankers

Dubai Islamic Bank Pakistan Limited

Distributor

Al-Hilal Securities Advisors (Pvt.) Ltd.
ITMinds Limited.
YPay Financial Services (Pvt.) Ltd.

Auditors

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

Rating-AKDIDDF

BY PACRA: AA(f)

FUND MANAGER'S REPORT

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

Open – end Islamic Money Market Scheme

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

AKD Islamic Daily Dividend Fund (AKDIDDF) is a fund that primarily focuses on Shariah compliant money market securities and instruments. The objective of AKDIDDF is to provide competitive return in the form of daily dividend by investing in low risk and highly liquid Shariah Compliant money market instruments.

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

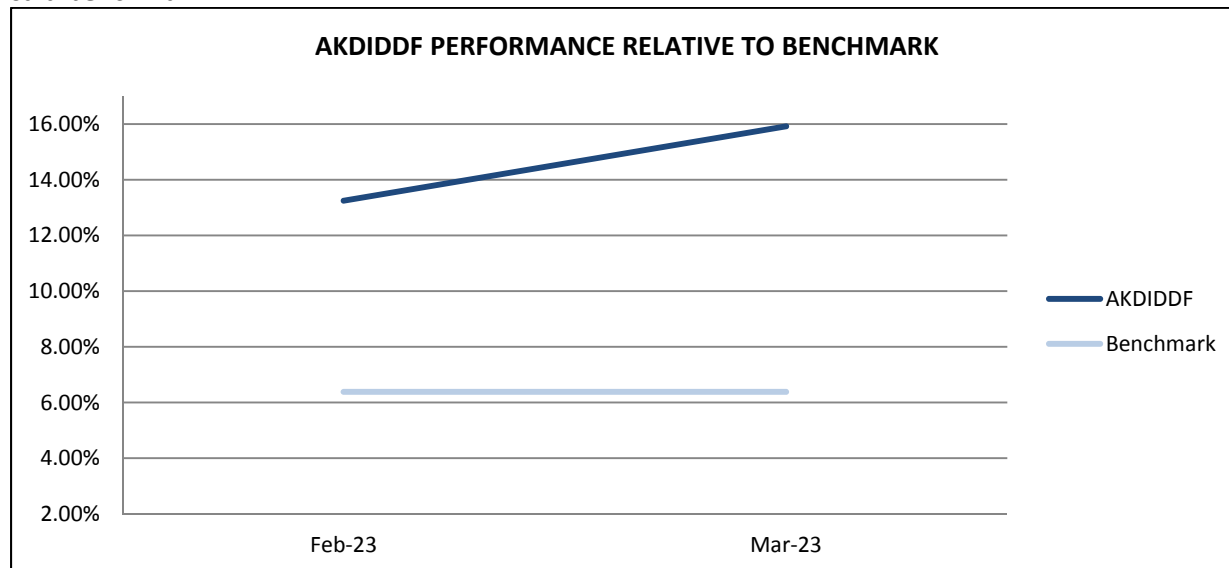
Since the inception of the fund i.e. February 17, 2023, the annualized return of AKD Islamic Daily Dividend Fund stood at 15.26% compared to the benchmark return of 6.38%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (Cash Dividend) of Re. 0.89354 per unit to the unit holders during the period from February 17, 2023 to March 31, 2023.

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

Three (3) months average deposit rates of Three (3) AA rated Scheduled Islamic Banks or Islamic Banking windows of Conventional Bank as selected by MUFAP.

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



Monthly yield (annualized)	Feb-23	Mar-23
AKDIDDF	13.25%	15.92%
Benchmark	6.38%	6.38%

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

AKD Islamic Daily Dividend Fund is an Open – end Islamic Money Market Scheme. The returns of the fund are generated primarily through investment in Shariah Complaint debt securities and Islamic bank deposits.

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-Mar-23
Cash and Cash Equivalents	77.07%
Commercial Papers / Short Term Sukuk	20.39%
Other Assets including Receivables	2.54%

viii) **Non-Compliant Investment**

Name of Non-Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
K-Electric Limited	Short Term Sukuk	30,000	Nil	30,000	20.58%	20.39%
Investment Avenue	Commercial Papers/STS	30,000	Nil	30,000	20.58%	20.39%

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

AKDIDDF Return (annualized)*	15.26%
Benchmark Return (annualized)*	6.38%

*Since inception returns

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

MACRO PERSPECTIVE

The global economy witnessed another challenging year with growing international tensions among the most powerful nations following the invasion of Ukraine by Russia, triggering sanctions from the West in retaliation and setting off soaring commodity prices further exasperating inflationary pressures. Most economies around the globe with a handful of exceptions were already in a fragile state, struggling to recover from the aftermath of the pandemic are now in dire straits with unsustainable debt levels amid a global recession. With the unprecedented printing of money through Quantitative Easing in response to the financial crisis of 2008 and then the COVID Pandemic, central banks have had no choice it seems but to resort to monetary tightening to counter inflation and avert capital flight. Without say,

bankruptcies and sovereign defaults by under developed and smaller economies remains a serious threat, while the impasse between the US, China and Russia has unfolded perhaps the actual bone of contention - dollarization. Likewise the IMF has also cautioned the World, that a significant global recovery given the unprecedented uncertainties faced today seems unlikely at least in the near term.

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9th EEF review will provide the much needed respite to the dwindling reserves and enervating exchange rate, political uncertainties and undue delays in finalizing financial arrangements have kept investor optimism in check.

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As we move closer to the end of FY23, the pending staff level agreement with IMF on the 9th EFF review remains a key trigger for the economy and the capital markets after guarantees of financial assistance have been received from bilateral partners which is likely to curtail exchange rate volatility amid restricted imports and dwindling FX reserves. On the political front, the postponement of elections in Punjab by the Election Commission of Pakistan which in retrospect has led to a stand-off between judiciary and government has further made worse an already fluid situation as an amicable solution to this political impasse still seems far.

We believe that the commitments received from the friendly countries and unpopular fiscal steps undertaken through the Finance Supplementary Bill, monetary contraction/high interest rates, free float currency and rising energy prices reportedly should satisfy IMF conditions related to the 9th EFF review, which will eventually unlock stalled funding and help the Country in averting a sovereign default.

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 “politically difficult” but necessary fiscal steps sacrificing political capital to rejuvenate the IMF program. 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 the last notable action required to secure IMF round of financing. While these fiscal measures undertaken by the government are widely unpopular, we believe that they are economic positive given unsustainable twin deficits successive governments have been recording over the years as fiscal discipline and reforms is well overdue.

As per the World Bank report dated April 4, 2023 titled “Pakistan Development Update”, Pakistan is currently facing external and fiscal sustainability challenges and the outlook remains largely dependent on the effective implementation of reforms. The headline inflation rose to a multi-decade high along with external account vulnerabilities as the country largely remains import dependent. Moreover, despite government’s continuous efforts towards consolidation, the fiscal deficit increased to PKR 1.68 trillion in 1HFY23. The Country faces numerous economic and fiscal challenges with rising public debt coupled with record high interest rates and depleting foreign exchange reserves, Pakistan’s sovereignty seems unsustainable without external support. However, the government’s seriousness and will towards fiscal consolidation and averting a sovereign default is indeed encouraging and will likely bring back much needed economic stability. Needless to say, the WB in its report due to the aforementioned factors cut its GDP growth forecast for Pakistan to 0.4%.

Furthermore, as per the SBP MPC calendar, the next MPC is expected to be held on June 12, 2023 in which it is likely the SBP to maintain the policy rate at 21% as inflation is expected to peak. Moreover, we expect the inflation levels to come down post 1QFY24 due to base rate effect kicking in and a further cooling off in global commodity prices amid a global slowdown, providing the Central Bank space to revert to a monetary easing stance. Moreover, high-frequency indicators such as Auto, Cement and OMC sales have already started to reflect volumetric declines and may remain under pressure during FY24.

While Pakistan faces one of the worst economic crisis' in recent history, we believe that equities as an asset class has over discounted itself. The premise of our positive outlook and re-rating of the capital market stems from the likelihood of Pakistan successfully completing its IMF program which will notably entail a continuity in reforms and fiscal discipline. The index is trading at a PE multiple of 3.33x below the 2008 global financial crisis level. The dividend yield is attractive at 10% which is the highest in the region and with the last REER recorded at 85.6203 in March 2023 suggesting the currency has room to appreciate will probably justify and attract foreign investment which can also be noted by the recent month's inflows. We believe that the market currently serves as a striking point for investors.

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

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

xii) Break down of unit holding by size:

Range (Units)	No. of Investors
0.0001 to 9,999	1
10000 to 49999	0
50,000 - 99,999	2
100,000 - 499,999	4
500,000 and above	3
Total	10

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

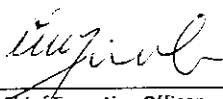
No soft commission has been received by the AMC from its broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

AKD Islamic Daily Dividend Fund
Interim Statement of Assets and Liabilities (Unaudited)
As at March 31, 2023

	Note	2023 (Rupees in '000)
ASSETS		
Bank balances	5	113,426
Investments	6	30,000
Profit receivable	7	2,361
Security Deposit & Prepayments	8	371
Preliminary Expenses and Floatation Cost	9	1,006
Total assets		<u>147,164</u>
LIABILITIES		
Payable to AKD Investments Management Limited -Management Company	10	1,133
Payable to Central Depository Company of Pakistan Limited - Trustee	11	9
Payable to the Securities and Exchange Commission of Pakistan	12	4
Accrued expenses and other liabilities	13	230
Total liabilities		<u>1,376</u>
NET ASSETS		<u>145,788</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>145,788</u>
CONTINGENCIES AND COMMITMENTS	15	
NUMBER OF UNITS IN ISSUE		<u>2,915,759</u>
NET ASSET VALUE PER UNIT		<u>50.0000</u>

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

For AKD Investment Management Limited
[Management Company]


 Chief Executive Officer


 Chief Financial Officer


 Director

AKD Islamic Daily Dividend Fund
Interim Income Statement (Unaudited)
For the period from February 17, 2023 to March 31, 2023

	Note	2023 (Rupees in '000)
INCOME		
Income from short term sukuk		584
Profit on Bank deposit		2,729
Total income		3,313
EXPENSES		
Remuneration to the Management Company	10.1	78
Sindh sales tax on remuneration of the Management Company	10.2	10
Remuneration of the Trustee	11.1	11
Annual Fee Securities and Exchange Commission of Pakistan	12.1	4
Sindh Sales tax on remuneration of the Trustee	11.2	1
Amortisation of preliminary expenses and floatation costs	9.1	24
Auditors' remuneration		66
Allocated Expenses	10.3	49
Bank Charges		5
Other Expense	14	64
Total expenses		312
Net income for the year before taxation		3,001
Taxation	17	-
Net income for the year after taxation		3,001
Allocation of net income for the period:		
Net income for the period after taxation		3,001
Income already paid on units redeemed		-
		3,001
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		3,001
		3,001

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

For AKD Investment Management Limited
[Management Company]



Chief Executive Officer



Chief Financial Officer



Director

AKD Islamic Daily Dividend Fund
Interim Statement of comprehensive income (unaudited)
For the period from February 17, 2023 to March 31, 2023

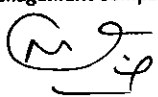
	2023 (Rupees in '000)
Net income for the period after taxation	3,001
Other comprehensive income for the period	-
Total comprehensive income for the period	<u><u>3,001</u></u>

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

For AKD Investment Management Limited
[Management Company]



Chief Executive Officer



Chief Financial Officer



Director

AKD Islamic Daily Dividend Fund
Interim Cash Flow Statement (Unaudited)
For the period from February 17, 2023 to March 31, 2023

2023
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year before taxation 3,001

Adjustments for:

Amortisation of preliminary expenses and floatation costs 24
3,025

(Increase) / decrease in assets

Investments	(30,000)
Profit receivable	(2,361)
Security Deposit & Prepayments	(371)
Preliminary Expenses and Floatation Cost	(1,030)
	<u>(33,762)</u>

Increase / (decrease) in liabilities

Payable to AKD Investments Management Limited -Management Company	1,133
Payable to Central Depository Company of Pakistan Limited - Trustee	9
Payable to the Securities and Exchange Commission of Pakistan	4
Accrued expenses and other liabilities	230
	<u>1,376</u>

Net cash flows from operating activities (29,361)

CASH FLOWS FROM FINANCING ACTIVITIES

Amount received against issuance of units	216,391
Amount paid against redemption of units	(70,603)
Dividend Paid	(3,001)
Net cash flows from financing activities	<u>142,787</u>

Net increase in cash and cash equivalents during the period 113,426

Cash and cash equivalents at the beginning of the period -

Cash and cash equivalents at the end of the period 113,426

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

For AKD Investment Management Limited
[Management Company]



Chief Executive Officer



Chief Financial Officer



Director

AKD Islamic Daily Dividend Fund
Interim Statement of Movement In Unit Holders' Fund (Un-audited)
For the period from February 17, 2023 to March 31, 2023

	2023		
	(Rupees in '000)		
	Capital value	Undistributed income	Total
Net assets at beginning of the period	-	-	-
Issue of - 4,327,814 units			
- Capital value (at par i.e. Rs. 50 per unit)	216,391	-	216,391
- Element of income	-	-	-
Total proceeds on issuance of units	216,391	-	216,391
Redemption of 1,412,055 units			
- Capital value (at par i.e. Rs. 50 per unit)	70,603	-	70,603
- Element of income	-	-	-
Total payments on redemption of units	70,603	-	70,603
Total comprehensive income for the period	-	3,001	3,001
Distribution during the period	-	(3,001)	(3,001)
Net income for the period less distribution	-	-	-
	145,788	-	145,788
Undistributed income brought forward			
- Realised income		-	
- Unrealised income		-	
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		3,001	
		3,001	
Distribution during the period		(3,001)	
Undistributed gain carried forward		-	
Undistributed gain carried forward			
- Realised income		-	
- Unrealised (loss) / income		-	
		-	
Net assets value per unit at beginning of the period			50.0000
Net assets value per unit at end of the period			50.0000

(Rupees)

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

For AKD Investment Management Limited
[Management Company]


 Chief Executive Officer


 Chief Financial Officer


 Director

AKD Islamic Daily Dividend Fund
Interim Statement of Assets and Liabilities (Unaudited)
As at March 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

The AKD Islamic Daily Dividend Fund (the Fund/the Scheme/the Trust/the Unit Trust/AKDIDDF) has been established through a Trust Deed (the Deed) registration # KAR/ST/194-2021 dated November 10, 2021 under the Sindh Trusts Act, 2020 entered into and between AKD Investment Management Limited, the Management Company, and Central Depository Company of Pakistan Limited, the Trustee and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "Rules") and Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("Regulations"). The Initial Public Offering (IPO) of the Fund was made during the period from February 17, 2023 and the Fund commenced operations from February 18, 2023. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. February 17, 2023.

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 categorised as an open end Shariah Complaint Money Market Scheme in accordance with Circular 7 of 2008 issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Pvt.) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah

Introduction to the Scheme

AKD Islamic Daily Dividend Fund is an Open Ended Shariah Compliant Money Market Scheme. The Fund has following features mentioned below:

- Dividend on daily basis will be distributed to the unit holder(s).
- Dividend would be distributed to unit holders appearing in the unit holder register within cut-off time as mentioned in this offering document
- Daily Dividend received by the Unit Holder(s) shall be reinvested
- The Fund will work on Backward pricing (known pricing) method

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 initial stability rating of 'AA(f)' by PACRA on March 20, 2023.

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

2. BASIS OF PREPARATION

The transactions undertaken by the fund are in accordance with the process prescribed under the shariah guidelines issued by the shariah advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in pakistan

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act. 2017:
- Provisions of and directives issued under the Companies Act, 2017, along with Part VIIIA of the repealed Companies Ordinance 1984: and
- 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 along with 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, along with Part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except stated otherwise.

2.4 Significant accounting policies, accounting estimates, judgements and changes therein

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) Classification and valuation of financial assets (Note 4.1.1);
- (ii) Impairment of financial assets (Note 4.1.5); and
- (iii) Provisions (Note 4.4)

3. AMENDMENTS TO ACCOUNTING STANDARDS

3.1 Amendments to accounting standards that are effective for the year ended June 30, 2022

The following amendments to accounting standards are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30,	April 01, 2021

3.2**Amendments to accounting standards that are not yet effective**

The following amendments to accounting standards are only effective for accounting period, beginning on or after the date mentioned against each of them. These amendments to accounting standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
	Effective from accounting period beginning on or after
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Financial Instruments

4.1.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Amortised cost (“AC”),
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVTPL”).

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI), only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to measure at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.1.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund’s statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.1.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts already recognised in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

4.1.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non performing debt securities.

4.1.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the circular) for impairment of debt securities. Under the circular, provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

4.1.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.1.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.1.8 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.1.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

4.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

4.4 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Taxation

The income of the Fund is exempt from income tax under 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.6 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year is deemed to comprise of the portion of income already paid on units redeemed during the year and cash distribution for the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute at least 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company

4.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

4.8 Element of income / (loss) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.9 Net assets value per unit

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

4.10 Revenue recognition

- Realised Capital gains / (losses) arising on sale of investments are included operating income in the income statement on the DATE at which the sale transaction takes place.

- Profit on bank deposits, security margin, commercial paper and sukus are recognised on a time proportionate basis using the effective yield method.

- Unrealised gains / (losses) arising on remeasurement of investments and future spread transactions classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.

- Dividend income is recognised when the right to receive the dividend is established.

4.11 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the income statement on an accrual basis.

Note 2023
(Rupees in '000)

5 BANK BALANCES

saving accounts

5.1 113,426
113,426

5.1 These represents profit and loss sharing accounts maintained with various banks carrying profit at the rate ranging from 17.5% per annum.

6 INVESTMENTS

At amortised cost

Short Term Sukuk

6.1 30,000

Note 2023
(Rupees in '000)

6.1 Short Term Sukuk

Name of the security	Maturity Date	Profit Rate	Issue Date	Face Value	Market Value as at March, 31 2023	Markup Rate	Market value as a percentage of net assets	As a percentage of total Market value of investments	Rating
K-Electric Limited	August 28, 2023	21.77%	February 27, 2023	30,000	30,000	6 Months KIBOR + 75bps	20.58	100.00	AA

(Rupees in '000) (%)

	Note	2023 (Rupees in '000)
7 PROFIT RECEIVABLE		
Profit receivable on Bank balances (in saving accounts)		1,777
Income Receivable on Commercial Paper / STS		584
		<u>2,361</u>
8 SECURITY DEPOSIT AND PREPAYMENTS		
Security deposit with Central Depository Company of Pakistan Limited		200
Prepaid CDS Annual Fee		25
Prepaid Shariah Advisory Fee		146
		<u>371</u>
9 PRELIMINARY EXPENSES AND FLOATATION COST		
Preliminary Expenses and Floatation Cost	9.1	1,030
Less: amortised during the period		(24)
		<u>1,006</u>
9.1 Preliminary Expenses and Floatation Cost represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from February 18, 2023.		
10 PAYABLE TO AKD INVESTMENTS LIMITED - MANAGEMENT COMPANY		
Management remuneration payable	10.1	53
Sales Tax Payable on Management Remuneration	10.2	7
Payable against Allocated Expenses	10.3	33
Payable against Formation Cost		1,030
Other Payables to Management Company		10
		<u>1,133</u>
10.1 The Management Company has charged remuneration at the 0.4% per annum from February 18, 2023 to March 31, 2023 of the average net assets of the Fund. The remuneration is paid to the management on a monthly basis in arrears		
10.2 Sindh Sales Tax on services at the rate of 13% on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.		
10.3 The Management Company has charged expenses at the rate of 0.25% per annum from February 18, 2023 to March 31, 2023 of the average net assets of the Fund		
11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2023 (Rupees in '000)
Trustee remuneration payable	11.1	7
CDS Charges Payable		1
Sindh Sales Tax payable on trustee remuneration	11.2	1
		<u>9</u>
11.1 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 0.055% per annum of net assets on monthly basis in arrears		
11.2 Sindh Sales Tax at 13% is charged on Trustee fee.		
11.3 The remuneration is paid to the Trustee on a monthly basis in arrears.		

12	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)	Note	2023 (Rupees in '000)
	Annual fee payable to the SECP	12.1	<u>4</u>
12.1	Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a income collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.002 percent of the average annual net assets of the Fund.		

13	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2023 (Rupees in '000)
	Auditors Remuneration Payable		66
	Withholding Tax Payable		124
	KSE Listing Fee Payable		9
	Credit Rating Fee Payable		14
	Others		17
			<u>230</u>

14	Other Expenses	Note	2023 (Rupees in '000)
	CDC Expenses		7
	KSE Listing Fee		9
	Rating Fee		14
	Shariah Advisory Fee		17
	Legal And Professional Charges		17
			<u>64</u>

15 CONTINGENCIES & COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2023.

16 TOTAL EXPENSE RATIO

The total expense ratio of the Fund from February 18, 2023 to March 31, 2023 is 1.60% annualised, which includes 0.08% representing government levy and SECP fee.

17 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 has distributed 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

TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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 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 their close relatives 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 of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

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

18.1 Details of balances with related parties / connected persons as at period end	2023 (Rupees in '000)
AKD Investment Management Limited - Management Company	
Management remuneration payable	53
Sales Tax Payable on Management Remuneration	7
Payable against Allocated Expenses	33
Payable against Formation Cost	1,030
Other Payables to Management Company	10
Central Depository Company of Pakistan Limited - Trustee	
Trustee remuneration payable	7
CDS Charges Payable	1
Sindh Sales Tax payable on trustee remuneration	1
Unit holders holding 10% or more of the units in issue	
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PRIVATE) LTD	
Outstanding units: 1,019,739	50,987
ABDUL WAHAB GHAFAR KODVAVI	
Outstanding units: 611,601	30,580
ATTOCK CEMENT PAKISTAN LTD.EMPLOYEES PROVIDENT	
Outstanding units: 510,429	25,521

18.2 Details of transactions with related parties / connected persons during the period	2023 (Rupees in '000)
AKD Investment Management Limited - Management Company	
Management remuneration	78
Sales Tax on Management Remuneration	10
Allocated Expenses	49
Formation Cost paid by Management Company	1,030
Amount paid by Management Company on behalf of the Fund	10
Central Depository Company of Pakistan Limited - Trustee	
Trustee remuneration	11
CDS Charges	7
Sindh Sales Tax on trustee remuneration and CDS Charges	2
Hina Aqeel - Close Relative of the Sponsor of the Management Company	
units issued: 4,010	200
units Redeemed: 4,010	200
Unit holders holding 10% or more of the units in issue	
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PRIVATE) LTD	
units issued: 1,019,739	50,987
Dividend Paid	904
ABDUL WAHAB GHAFAR KODVAVI	
units issued: 611,601	30,580
Dividend Paid	542
ATTOCK CEMENT PAKISTAN LTD.EMPLOYEES PROVIDENT	
units issued: 510,429	25,521
Dividend Paid	452

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

19.1 IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurement 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). Adoption of IFRS 13 has not affected the interim financial information.

19.2 Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

19.3 The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

- Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Fair value measurements using inputs other than quoted included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurements are categorized:

ASSETS	----- As at March 31, 2023 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
At Fair Value through Profit or loss				
Investments	-	-	-	-
	-	-	-	-

20 GENERAL

20.1 These interim financial information are unaudited.


20.2 These interim financial information are presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of thousand rupees.

21 DATE OF AUTHORIZATION OF ISSUE

28 APR 2023

These interim financial information were authorized for issue on _____ by the Board of Directors of the Management Company.

For AKD Investment Management Limited
[Management Company]



Chief Executive Officer



Chief Financial Officer



Director



**AKD Investment
Management Ltd.**

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