

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 Income Fund



Management Company

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

Trustee

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

Bankers

Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited

Auditors

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

Legal Advisor

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

Registrar

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

Distributor

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

Rating-AKDISIF

PACRA: AA-(f)

FUND MANAGER'S REPORT

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

Open – end Islamic Income Scheme

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

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

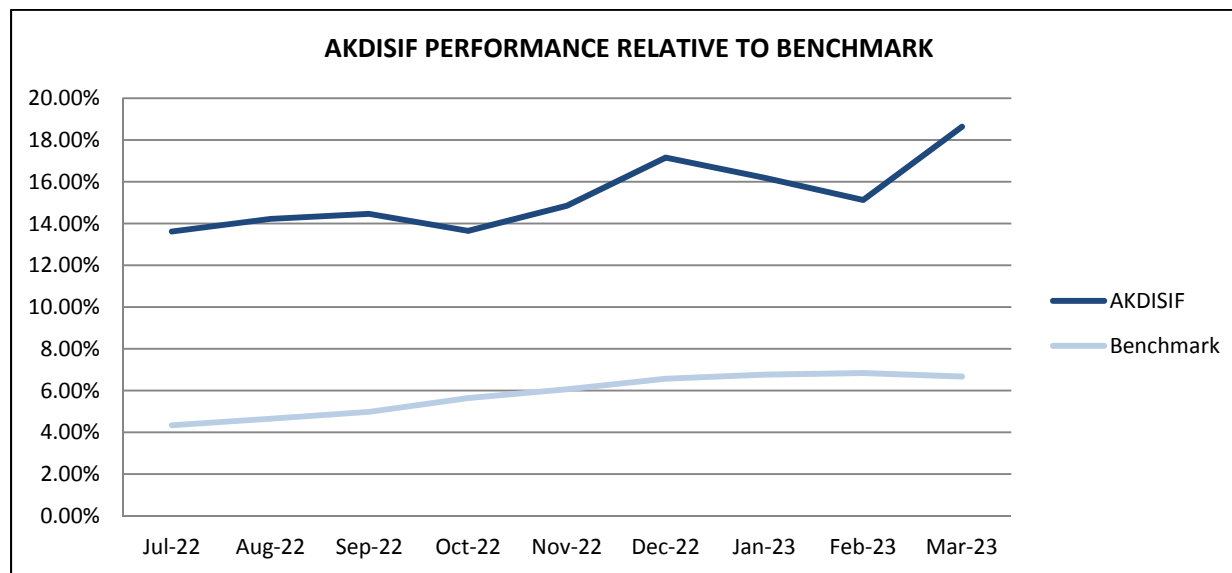
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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

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

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

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



Monthly yield (annualized)	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
AKDISIF	13.62%	14.22%	14.46%	13.65%	14.85%	17.16%	16.19%	15.13%	18.64%
Benchmark	4.34%	4.65%	4.98%	5.64%	6.06%	6.57%	6.76%	6.84%	6.67%

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

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

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

Asset Allocation (% of Total Assets)	31-Mar-23	31-Dec-22
Cash and Cash Equivalents	52.96%	37.97%
Sukuk	19.97%	34.34%
Commercial Papers / Short Term Sukuk	24.86%	25.80%
Other Assets including Receivables	2.20%	1.89%

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

9MY23 Return (annualized)	16.14%
Benchmark Return (annualized)	5.83%

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

Net Assets Value			NAV Per Unit	
31-Mar-23	31-Dec-22	Change in Net Assets	31-Mar-23	31-Dec-22
(Rupees in 000)			(Rupees)	
1,550,109	883,758	75.40%	56.7253	54.4518

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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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.

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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.

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	1,409
10000 to 49999	75
50,000 - 99,999	23
100,000 - 499,999	28
500,000 and above	11
Total	1,546

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 INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2023**

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	5	822,385	336,944
Investments	6	696,272	533,288
Profit receivable		27,297	18,815
Deposits, prepayments and other receivables	7.	3,023	2,864
Receivable from other funds against conversion of units		3,910	-
Receivable against sale of securities		-	6,387
Preliminary expenses and floatation cost	8.	-	183
Total assets		1,552,887	898,481
Liabilities			
Payable to the AKD Investment Management Limited - Management Company	9.	1,094	980
Payable to Digital Custodian Company Limited- Trustee	10.	137	98
Payable to Securities and Exchange Commission of Pakistan	11.	147	159
Payable against Redemption / conversion of units		58	-
Accrued expenses and other liabilities	12.	1,342	4,371
Total liabilities		2,778	5,608
Net assets		1,550,109	892,873
Unit holders' fund (as per statement attached)		1,550,109	892,873
Contingencies and commitments			
	13.		
		Number of units	
Number of units in issue		27,326,581	17,647,089
		----- Rupees -----	
Net assets value per unit		56.7253	50.5961

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 ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

	Note	For the nine months ended		For the quarter ended	
		March 31,		March 31,	
		2023	2022	2023	2022
-----('Rupees in '000) -----					
Income					
Net unrealised appreciation / (diminution) on remeasurement of investments 'at fair value through profit or loss'		663	(3,015)	1,249	619
Capital gain / (loss) on sale of Investment		(2,928)	6,831	(71)	-
Income from sukuk certificates		43,102	20,945	14,632	9,443
Income from security margin		17	203	1	22
Income from commercial paper / STS		31,603	2,617	13,138	1,331
Income from term deposit receipts		-	1,021	-	682
Other income		-	1,491	-	-
Dividend income		3,259	1,683	-	-
Profit on bank deposits		44,699	20,521	21,109	7,001
Total income		120,415	52,297	50,058	19,098
Expenses					
Remuneration of AKD Investment Management Limited - Management Company	9.1	2,934	2,337	1,127	698
Sales tax on the remuneration of the Management Company	9.2	381	304	146	91
Remuneration of Digital Custodian Company Limited Limited- Trustee	10.1	857	701	315	209
Sales tax on the Trustee remuneration	10.2	111	91	41	27
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	146	116	56	34
Expenses allocated by the Management Company	9.3	1,597	876	705	261
Auditors' remuneration		188	174	62	57
Security transaction cost		110	991	10	-
Settlement and bank charges		54	162	17	14
Amortisation of preliminary expenses and floatation costs		183	215	39	71
Fee and subscription		622	563	205	162
Printing and related cost		-	113	-	37
Legal and professional charges		162	479	53	86
Charity		176	162	1	-
Total expenses		7,521	7,284	2,777	1,747
Net income for the period before taxation		112,894	45,013	47,281	17,351
Taxation	15.	-	-	-	-
Net income for the period after taxation		112,894	45,013	47,281	17,351
Allocation of net income for the period					
Net income for the period after taxation		112,894	45,013	47,281	17,351
Income already paid on units redeemed		(26,196)	(9,451)	(12,124)	(1,974)
		86,698	35,562	35,157	15,377
Accounting income available for distribution					
Relating to capital gains		-	3,816	-	619
Excluding capital gains		86,698	31,746	35,157	14,758
		86,698	35,562	35,157	15,377

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 ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023**

	For the nine months ended March 31,		For the quarter ended March 31,	
	2023	2022	2023	2022
	-----('Rupees in '000) -----			
Net income for the period after taxation	112,894	45,013	47,281	17,351
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	112,894	45,013	47,281	17,351

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 ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

Note	For the nine months ended March 31,		For the quarter ended March 31,	
	2023	2022	2023	2022
	-----('Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	112,894	45,013	47,281	17,351
Adjustments				
Amortisation of preliminary expenses and floatation costs	183	215	39	71
Other income	-	(1,491)	-	-
Net unrealised (appreciation) / diminution on remeasurement of investments 'at fair value through profit or loss'	(663)	3,015	(1,249)	(619)
	<u>112,414</u>	<u>46,752</u>	<u>46,071</u>	<u>16,803</u>
(Increase) / decrease in assets				
Profit receivable	(8,482)	(4,609)	(13,284)	(1,390)
Receivable from other funds against conversion of units	(3,910)	(63,327)	(3,910)	(63,327)
Receivable against sale of securities	6,387	-	6,387	-
Deposits, prepayments and other receivables	(159)	24,713	(238)	74
	<u>(6,164)</u>	<u>(43,223)</u>	<u>(11,045)</u>	<u>(64,643)</u>
(Decrease) / increase in liabilities				
Payable to the AKD Investment Management Limited - Management Cor	114	(231)	330	(60)
Payable to Digital Custodian Company Limited- Trustee	39	6	35	(4)
Payable against redemption / conversion of units	58	20,093	58	17,656
Payable to Securities and Exchange Commission of Pakistan	(12)	32	57	34
Accrued expenses and other liabilities	(3,029)	(1,572)	354	39
	<u>(2,830)</u>	<u>18,328</u>	<u>834</u>	<u>17,665</u>
Investment-net	(162,321)	59,676	(158,837)	32,637
Net cash generated from / (used in) operating activities	<u>(58,901)</u>	<u>81,533</u>	<u>(122,977)</u>	<u>2,462</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Amount received on issue of units	1,510,914	1,238,094	805,660	402,069
Payment against redemption of units	(966,572)	(1,166,053)	(198,825)	(286,188)
Net cash used in financing activities	<u>544,342</u>	<u>72,041</u>	<u>606,835</u>	<u>115,881</u>
Net increase / (decrease) in cash and cash equivalents	<u>485,441</u>	<u>153,574</u>	<u>483,858</u>	<u>118,343</u>
Cash and cash equivalents at beginning of the period	336,944	261,069	338,527	296,300
Cash and cash equivalents at end of the period	<u>5</u> <u>822,385</u>	<u>414,643</u>	<u>822,385</u>	<u>414,643</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 ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023

	For the nine months ended March 31, 2023			For the nine months ended March 31, 2022		
	Rupees in '000			Rupees in '000		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at beginning of the period	886,157	6,716	892,873	719,616	4,273	723,889
Issue of 27,887,306 units (2022: 23,792,335 units)						
- Capital value (net asset value per unit at beginning of the period)	1,410,989	-	1,410,989	1,200,142	-	1,200,142
- Element of income	99,925	-	99,925	37,952	-	37,952
Total proceeds on issuance of units	1,510,914	-	1,510,914	1,238,094	-	1,238,094
Redemption of 18,207,814 units (2022: 22,427,234 units)						
- Capital value (net asset value per unit at beginning of the period)	921,244	-	921,244	1,131,284	-	1,131,284
- Amount paid out of element of income	-	26,196	26,196	-	9,451	9,451
- Element of income	19,132	-	19,132	25,318	-	25,318
Total payments on redemption of units	940,376	26,196	966,572	1,156,602	9,451	1,166,053
Total comprehensive income for the period	-	112,894	112,894	-	45,013	45,013
Distribution during the period	-	-	-	-	-	-
Refund of capital	-	-	-	-	-	-
Net income for the period less distribution	-	112,894	112,894	-	45,013	45,013
Net assets at end of the period	1,456,695	93,414	1,550,109	801,108	39,835	840,943
Undistributed income brought forward						
- Realised income		9,488			963	
- Unrealised loss		(2,772)			3,310	
		6,716			4,273	
Accounting income available for distribution						
- Relating to capital gains		-			3,816	
- Excluding capital gains		86,698			31,746	
		86,698			35,562	
Distribution during the period		-			-	
Undistributed income carried forward		93,414			39,835	
Undistributed income carried forward						
- Realised income		92,751			42,850	
- Unrealised gain / (loss)		663			(3,015)	
		93,414			39,835	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		50.5961			50.4424	
Net assets value per unit at end of the period		56.7253			53.5090	

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 ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund is an open-ended 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 an open end Shariah Complaint (Islamic) Income Scheme in accordance with Circular 7 of 2009, 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.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained Asset Manager Rating of 'AM3++' to the Management Company dated June 30, 2022. PACRA has also assigned fund stability rating of "AA-(f)" to the fund dated March 06, 2023.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

2.1.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2023.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT 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 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 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any 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) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
5. BANK BALANCES			
In saving accounts	5.1	<u>822,385</u>	<u>336,944</u>
5.1	Profit rates on these accounts range between 17.5% - 18% (June 30, 2022: 12.25% - 15%) per annum .		

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
6. INVESTMENTS			
At fair value through profit and loss'			
- Sukuk certificates	6.1	<u>310,188</u>	<u>324,288</u>
		<u>310,188</u>	<u>324,288</u>
At amortised cost			
- Islamic Commercial Paper / Short Term Sukuk (STS)	6.3	<u>386,084</u>	<u>209,000</u>
		<u>696,272</u>	<u>533,288</u>

		(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
6.4 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1	310,188	324,288
Carrying amount of investments	6.1	<u>(309,525)</u>	<u>(327,060)</u>
		<u>663</u>	<u>(2,772)</u>

7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with			
Central Depository Company of Pakistan Limited		100	100
National Clearing Company of Pakistan Limited		2,500	2,500
Prepaid Shairah Advisor fee		326	210
Prepaid PSX Annual listing fee		7	-
Prepaid Credit Rating fee		36	-
Advance tax	7.1	<u>54</u>	<u>54</u>
		<u>3,023</u>	<u>2,864</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150. However, uptill period ended December 31, 2020, withholding tax on profit on debt and dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II - 66417- R dated 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 presented before him by the withholder.

		(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
8. PRELIMINARY EXPENSES AND FLOATION COST			
Cost		1,433	1,433
Accumulated amortisation			
Opening balance		(1,250)	(963)
Amortisation during the period / year	8.1	(183)	(287)
Closing balance		<u>(1,433)</u>	<u>(1,250)</u>
		<u>-</u>	<u>183</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
9. PAYABLE TO THE AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration	9.1	457	290
Sales tax on management fees	9.2	59	38
Expenses allocated by the management company	9.3	287	109
Formation cost		183	471
Sales Load Payable		108	72
		<u>1,094</u>	<u>980</u>

- 9.1 The Management Company charged remuneration at the rate of 0.40% per annum of the average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 9.2 Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.
- 9.3 The Management Company has charged expenses at the rate of 0.15% in first quarter and 0.25% from October 01, 2022 to March 31, 2023 (June 30, 2022: 0.15%) per annum of the average annual net assets of the Fund.

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
10. DIGITAL CUSTODIAN COMPANY LIMITED- TRUSTEE			
Trustee fee	10.1	121	87
Sindh Sales Tax	10.2	16	11
		<u>137</u>	<u>98</u>

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

The tariff structure applicable to the Fund is as follows:

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

- 10.2 Sindh Sales Tax 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.

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)			
Annual fee payable to SECP	11.1	147	159

- 11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, all Collective Investment Schemes are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02 percent of the average annual net assets of the scheme.

12. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Unaudited)	(Audited)
		March 31, 2023	June 30, 2022
		----- (Rupees in '000) -----	
Auditor's remuneration		188	185
Printing charges payable		96	150
Withholding tax payable		181	3,690
Brokerage		10	-
Charity payable		337	162
NCC Fee Payable		28	25
Sales Load Payable		11	3
Payable to against time barred cheques		55	55
Unclaimed Dividend		432	79
Others		4	22
		<u>1,342</u>	<u>4,371</u>

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2023 and June 30, 2022.

14. TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund is 1.03% (annualised) (June 30, 2022: 1.16%) which includes 0.09% (June 30, 2022: 0.12%) representing government levies on the Fund such as sales tax, annual fees to SECP etc.

15. TAXATION

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

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include AKD Investment Management Limited (being the Management Company) and its related entities, Digital Custodian Company 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 nine month ended
March 31,
2023 **2022**
----- (Rupees in '000) -----

16.1 Transactions during the period

AKD Investment Management Limited - Management Company		
Remuneration to Management Company	2,934	2,337
Sales Tax Provincial on Management Remuneration	381	304
Expenses allocated by the Management Company	1,597	876
Sales Load	158	72
Issue of units 321,424 (2022:88,509)	16,867	4,505
Redemption of 321,666 units (2022: 88,509)	17,033	4,553
Digital Custodian Company Limited - Trustee		
Trustee remuneration	857	701
Sindh Sales Tax on trustee remuneration	111	91
AKD Cash Fund - Fund under common Management		
K-Electric Limited STS sold by AKD Cash Fund	68,084	-
AKD Aggressive Income Fund - Fund under common Management		
Hub Power Holdings Ltd. Sukuk sold by AKD Aggressive Income Fund	18,380	-
M3 Technologies Pakistan Private Limited Employees Provident Fund - Common Directorship		
Issue of 79,034 (2022: 97,336) units	4,320	5,000
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)		
Issue of 1,116 (2022: 78,079) units	58	4,041
Redemption of Nil (2022: 78,079) units	-	4,039
Chief Executive Officer of the Management Company		
Issue of 38,785 (2022: 291,489) units	2,071	15,157
Redemption of 38,785 (2022: 289,738) units	2,087	15,103
Spouse of the Chief Executive Officer of the Management Company		
Issue of 902,179 (2022: 339,739) units	49,340	17,636
Redemption of 458,415 (2022: 309,108) units	24,749	16,110
Director and Chief Investment Officer of the Management Company		
Redemption of 82,504 (2022: Nil) units	4,186	-
Spouse of the Director and Chief Investment Officer of the Management Company		
Issue of Nil (2022: 260,693) units	-	13,903
Redemption of 282,997 (2022: Nil) units	14,769	-
Hina Aqeel- Close relative of the Sponsor of the Management Company		
Issue of Nil (2022: 39,343) units	-	2,098
Redemption of 42,709 (2022: Nil) units	2,336	-
Hasan Ahmed - Director of the Management Company		
Issue of 107 (2022: Nil) units	6	-
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Issue of 29 (2022: Nil) units	2	-
Durain Cassim* - Connected person due to holding of more than 10% units		
Issue of 5,620,100 (2022: Nil) units	310,293	-
Redemption of 360,014 (2022: Nil) units	20,000	-

* Current period connected party, Prior figures not shown

	Unaudited March 31, 2023	Audited June 30, 2022
	----- (Rupees in '000) -----	
16.2 Balances outstanding at the period / year end		
AKD Investment Management Limited - Management Company		
Remuneration payable	457	290
Sindh Sales Tax on Management remuneration	59	38
Payable against expenses allocated by the Management Company	287	109
Payable against formation cost	183	471
Sales load payable	108	72
Outstanding Nil (June 2022: 242) units	-	12
Digital Custodian Company Limited - Trustee		
Remuneration payable	121	87
Sindh Sales Tax on trustee remuneration payable	16	11
Receivable / Payable against conversion of units between Funds under management		
Receivable against Conversion of units - AKD Cash Fund	2	-
Receivable against Conversion of units - AKD Opportunity Fund	3,907	-
Receivable against Conversion of units - Golden Arrow Stock Fund	1	-
Payable against Conversion of units - AKD Cash Fund	5	-
Spouse of the Chief Executive Officer of the Management Company		
Outstanding 443,764 (June 2022: Nil) units	25,173	-
Director and Chief Investment Officer of the Management Company		
Outstanding Nil (June 2022: 82,504) units	-	4,174
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)		
Outstanding 1,265 (June 2022: 149) units	72	8
Spouse of the Director and Chief Investment Officer of the Management Company		
Outstanding Nil (June 2022: 282,997) units	-	14,319
Hasan Ahmed - Director of the Management Company		
Outstanding 107 (June 2022: Nil) units	6	-
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 35,205 (June 2022: 35,176) units	1,997	1,780
Afsheen Aqeel Dhedhi - Close relative of the Sponsor of the Management Company		
Outstanding 31 (June 2022: 31) units	2	2

	Unaudited March 31, 2023	Audited June 30, 2022
	----- (Rupees in '000) -----	
Balances outstanding at the period / year end		
Hina Aqeel- Close relative of the Sponsor of the Management Company		
Outstanding Nil (June 2022: 42,709) units	-	2,161
M3 Technologies Pakistan Private Limited Employees Provident fund - Common Directorship		
Outstanding 185,188 (June 2022: 106,154) units	10,505	5,371
Yasmeen Dhedhi- Close relative of the Sponsor of the Management Company		
Outstanding 16,449 (June 2022: 16,449) units	933	832
Pak Qatar Investment Account* - Connected person due to holding of more than 10% units		
Outstanding (June 2022: 4,530,603) units	-	229,231
Pak Qatar Individual Family Participant Investment Fund* - Connected person due to holding of more than 10% units		
Outstanding (June 2022: 2,233,154) units	-	112,989
Durain Cassim** - Connected person due to holding of more than 10% units		
Outstanding 5,288,050 (June 2022: Nil) units	299,966	-

* Prior period connected party, current figures not shown

** Current period connected party, Prior figures not shown

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).

(Unaudited)				
As at March 31, 2023				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
ASSETS				
At fair value through profit and loss'				
- Sukuk certificates	-	310,188	-	310,188
	-	310,188	-	310,188
(Audited)				
As at June 30, 2022				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
ASSETS				
At fair value through profit and loss'				
- Sukuk certificates	-	324,288	-	324,288
	-	324,288	-	324,288

During the period ended March 31, 2023, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

18. GENERAL

18.1 Figures have been rounded off to the nearest thousand Rupees.

18.2 This condensed interim financial information is unaudited.


18.3 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

19. DATE OF AUTHORISATION FOR ISSUE

28 APR 2023

This condensed interim financial information were authorised 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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