

# Quarterly Report

## March 31, 2023

(un-audited)



Funds Managed by:  
AKD Investment Management Ltd

**Partner with AKD**  
Profit from 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 9<sup>th</sup> 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 9<sup>TH</sup> 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 Index Tracker Fund



#### Management Company

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

#### Trustee

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

#### Bankers

Askari Bank Limited  
Bank Al Falah Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
United Bank Limited

#### Auditors

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

#### Legal Advisor

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

#### Registrar

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

#### Distributor

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

#### Rating: Asset Management Company

PACRA: AM3++

## FUND MANAGER'S REPORT

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

Open - end Scheme investing in Equity Securities of KSE-100 Index.

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

The objective of the AKD Index Tracker Fund (AKDITF) is to trail the return of KSE-100 Index with up to 85% accuracy and provide investors with a high quality, in-depth diversification instrument.

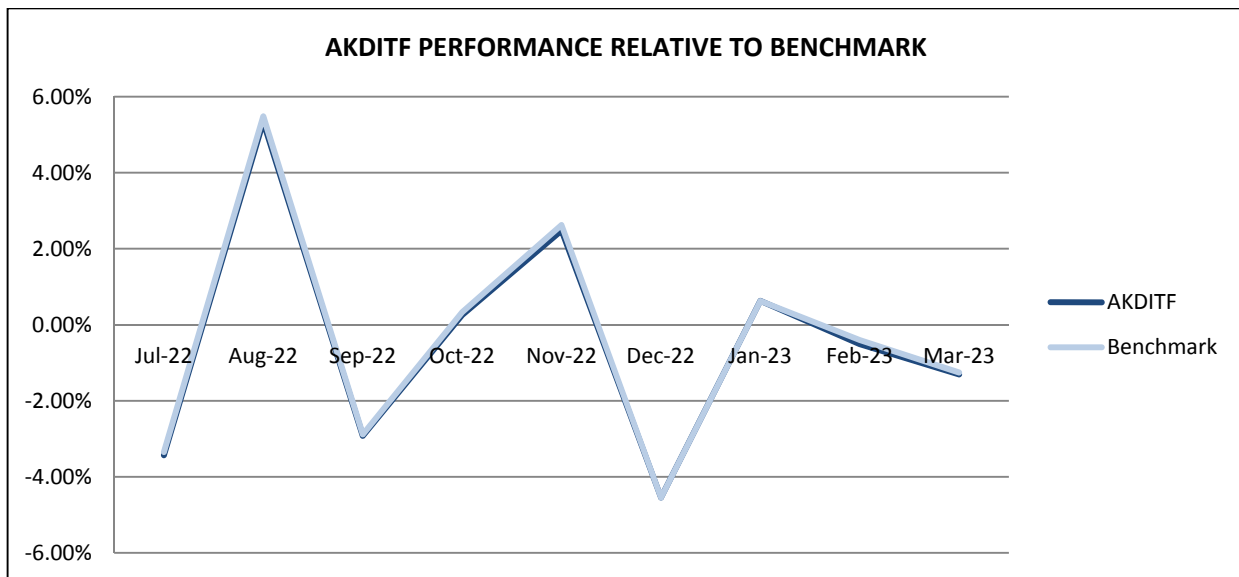
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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%.

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

KSE-100 Index.

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



Monthly return	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
<b>AKDITF</b>	-3.43%	5.34%	-2.92%	0.26%	2.48%	-4.55%	0.63%	-0.51%	-1.31%
<b>Benchmark</b>	-3.35%	5.48%	-2.89%	0.33%	2.63%	-4.55%	0.62%	-0.40%	-1.26%

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

AKD Index Tracker Fund is a passively managed open - end equity portfolio; its performance is directly linked to the performance of KSE-100 Index with up to 85% accuracy. The Fund Manager attempts to track the movement of the Index by using the weights of the respective stocks in the KSE-100 Index.

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

Asset Allocation (% of Total Asset)	31-Mar-23	31-Dec-22
Equities	96.54%	96.01%
Cash	1.75%	2.65%
Other Assets including Receivables	1.71%	1.34%

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

9MFY23 Return	-4.31%
Benchmark Return	-3.71%

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

Net Assets Value		Change in Net Assets	NAV Per Unit	
31-Mar-23	31-Dec-22		31-Mar-23	31-Dec-22
(Rupees In "000")			Rs.	Rs.
411,931	418,557	-1.58%	12.03	12.18

x) **Statement on the characteristics and general composition of the index:**

AKD Index Tracker Fund tracks the returns of the KSE-100 Index with up to 85% accuracy, providing investors with high quality, in depth diversification instrument.

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

**MACRO PERSPECTIVE**

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.

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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.

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.

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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.

## **FUTURE OUTLOOK**

As we move closer to the end of FY23, the pending staff level agreement with IMF on the 9<sup>th</sup> 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 9<sup>TH</sup> 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.

**xii) Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of the Fund manager’s report, not otherwise disclosed in the financial statements.**

There were no significant changes in the state of affairs during the period under review.

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

There were no unit splits during the period.

**xiv) Break down of unit holdings by size:**

<b>Range(Units)</b>	<b>No of Investors</b>
0.0001 to 9,999	611
10,000 to 49,999	23
50,000 - 99,999	6
100,000 - 499,999	2
500,000 and above	2
<b>Total</b>	<b>644</b>

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

Investments are subject to credit and market risk.

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

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

AKD INDEX TRACKER FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 2023

	Note	(Unaudited) March 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2022 -----
<b>Assets</b>			
Bank balances	4	7,377	10,272
Investments	5	406,572	423,649
Dividend and profit receivable on bank deposits	6	4,514	266
Deposits, prepayments and other receivables	7	2,686	2,666
<b>Total assets</b>		<b>421,149</b>	<b>436,853</b>
<b>Liabilities</b>			
Payable to AKD Investment Management Limited - Management Company	8	1,716	1,691
Payable to Central Depository Company of Pakistan Limited - Trustee	9	83	80
Payable to Securities and Exchange Commission of Pakistan	10	64	92
Accrued expenses and other liabilities	11	3,627	3,667
Unclaimed dividend		3,728	3,728
<b>Total liabilities</b>		<b>9,218</b>	<b>9,258</b>
<b>Net assets</b>		<b>411,931</b>	<b>427,595</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>411,931</b>	<b>427,595</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>34,237,670</b>	<b>34,009,203</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>12.03</b>	<b>12.57</b>

The annexed notes from 1 to 17 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 INDEX TRACKER FUND  
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023

	Note	Nine months period ended March 31,		Three months period ended March 31,	
		2023	2022	2022	2022
(Rupees in '000)					
<b>Income</b>					
Capital (loss) / gain on sale of investments classified at 'fair value through profit or loss'		689	(1,948)	53	(1,225)
Net unrealised (diminution) / appreciation on remeasurement of investments classified at 'fair value through profit or loss'		(47,048)	(49,845)	(14,932)	(6,504)
Dividend income		31,709	27,767	11,081	11,309
Profit on bank deposits		1,005	531	537	300
Other Income		-	4,814	-	-
<b>Total (loss) / income</b>		<b>(13,645)</b>	<b>(18,681)</b>	<b>(3,261)</b>	<b>3,880</b>
<b>Expenses</b>					
Remuneration of AKD Investment Management Limited - Management Company	8.1	2,409	2,621	784	853
Sindh Sales tax on the remuneration of Management Company	8.2	313	341	101	110
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	642	699	209	228
Sindh Sales tax on the Trustee remuneration	9.2	83	91	27	29
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	64	70	21	23
Expenses allocated by the Management Company		321	349	104	112
Brokerage and settlement charges		98	340	36	99
Bank charges		3	5	1	3
Auditor's remuneration		261	241	86	79
Printing and stationery		-	113	-	37
Legal and professional charges		217	433	109	108
Fee and subscription		409	21	221	7
		-	-	-	-
<b>Total expenses</b>		<b>4,820</b>	<b>5,324</b>	<b>1,699</b>	<b>1,688</b>
<b>Net (loss) / income for the period before taxation</b>		<b>(18,465)</b>	<b>(24,005)</b>	<b>(4,960)</b>	<b>2,192</b>
Taxation	14	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(18,465)</b>	<b>(24,005)</b>	<b>(4,960)</b>	<b>2,192</b>
<b>Allocation of net income for the period:</b>					
Net income for the period after taxation		-	-	-	-
Income already paid on units redeemed		-	-	-	-
		-	-	-	-
<b>Accounting income available for distribution:</b>					
Relating to capital gains		-	-	-	-
Excluding capital gains		-	-	-	-
		-	-	-	-

The annexed notes from 1 to 17 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 INDEX TRACKER FUND  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Nine months period ended March 31,		Three months period ended March 31,	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(18,465)	(24,005)	(4,960)	2,192
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(18,465)</b>	<b>(24,005)</b>	<b>(4,960)</b>	<b>2,192</b>

The annexed notes from 1 to 17 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 INDEX TRACKER FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Nine months period ended March 31,		Three months period ended March 31,	
	2023	2022	2023	2022
----- (Rupees in '000) -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net (loss) / income for the period before taxation	(18,465)	(24,005)	(4,960)	2,192
<b>Adjustments for:</b>				
Capital loss / (gain) on sale of investments	(689)	1,948	(53)	1,225
Net unrealised diminution / (appreciation) on remeasurement of investments classified at 'fair value through profit or loss'	47,048	49,845	14,932	6,504
Other income	-	(4,814)	-	-
	<u>27,894</u>	<u>22,974</u>	<u>9,919</u>	<u>9,921</u>
<b>(Increase) / decrease in assets</b>				
Deposits, prepayments and other receivables	(20)	(24)	8	(4)
Dividend and profit receivable on bank deposits	(4,248)	(1,189)	(4,304)	(3,323)
	(4,268)	(1,213)	(4,296)	(3,327)
<b>(Decrease) / increase in liabilities</b>				
Payable to AKD Investment Management Limited - Management Company	25	(96)	5	3
Payable to Central Depository Company of Pakistan Limited - Trustee	3	(5)	2	1
Payable to Securities and Exchange Commission of Pakistan	(28)	(21)	21	23
Accrued expenses and other liabilities	(42)	(368)	118	55
	(42)	(490)	146	82
Investments - net	(29,280)	(23,756)	(10,690)	(5,730)
<b>Net cash (used in) / generated from operating activities</b>	<u>(5,696)</u>	<u>(2,485)</u>	<u>(4,921)</u>	<u>946</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amount received on issuance of units	53,687	21,636	31,675	2,829
Payment made against redemption of units	(50,886)	(15,107)	(30,731)	(3,247)
<b>Net cash generated from / (used in) financing activities</b>	<u>2,801</u>	<u>6,529</u>	<u>944</u>	<u>(418)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(2,895)</u>	<u>4,044</u>	<u>(3,977)</u>	<u>528</u>
Cash and cash equivalents at beginning of the period	10,272	7,500	11,354	11,016
<b>Cash and cash equivalents at end of the period</b>	<u>7,377</u>	<u>11,544</u>	<u>7,377</u>	<u>11,544</u>

The annexed notes from 1 to 17 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 INDEX TRACKER FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)**  
**FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Nine months period ended March 31, 2023			Nine months period ended March 31, 2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
<b>Net assets at beginning of the period</b>	<b>372,497</b>	<b>55,098</b>	<b>427,595</b>	<b>365,165</b>	<b>113,810</b>	<b>478,975</b>
Issuance of 4,311,576 units (2022: 1559,131 units)						
- Capital value (at net asset value per unit at the beginning of the period)	54,209	-	54,209	22,321	-	22,321
- Element of (loss) / income	(522)	-	(522)	(685)	-	(685)
Total proceeds on issuance of units	53,687	-	53,687	21,636	-	21,636
Redemption of 4,083,109 units (2022: 842,575 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(51,337)	-	(51,337)	(15,350)	-	(15,350)
- Element of income / (loss)	451	-	451	243	-	243
Total payments on redemption of units	(50,886)	-	(50,886)	(15,107)	-	(15,107)
Total comprehensive income for the period	-	(18,465)	(18,465)	-	(24,005)	(24,005)
<b>Net assets at end of the period</b>	<b>375,298</b>	<b>36,633</b>	<b>411,931</b>	<b>371,694</b>	<b>89,805</b>	<b>461,499</b>
<b>Distribution for the period</b>						
Undistributed income brought forward						
- Realised income		143,474			11,208	
- unrealised income / loss		(88,376)			102,602	
		55,098			113,810	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss) for the period after taxation		(18,465)			(24,005)	
Undistributed income carried forward		36,633			89,805	
Undistributed income carried forward						
- Realised income		83,681			139,650	
- Unrealised (loss) / income		(47,048)			(49,845)	
		36,633			89,805	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			12.57			14.32
Net assets value per unit at end of the period			12.03			13.60

The annexed notes from 1 to 17 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 INDEX TRACKER FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

AKD Index Tracker Fund ("The Fund") was established under a Trust Deed, dated May 2, 2007 executed between AKD Investment Management Limited (AKDIML) as Asset Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 02, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 12, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-ended mutual fund. The Fund commenced its operations from October 11, 2005

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

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

The Fund is categorised as Index Tracker Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall strive to remain fully invested in accordance with the stated index (i.e. KSE-100 index), however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index or its subsets during the year based on monthly average investment calculated on daily basis. The units invested amount shall be kept in cash and / or near cash instrument where near cash instrument include deposits with bank (excluding TDRs), and treasury bills not exceeding 90 days maturity.

The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan 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. Due to specialised nature of the Fund, performance ranking has not been taken, as the comparable benchmark is not available.

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; and
- Provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed

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

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

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

## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

## 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

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

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

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

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
<b>4. BANK BALANCES</b>			
Saving accounts	4.1	7,377	9,883
Current accounts		-	389
		<u>7,377</u>	<u>10,272</u>

4.1 Mark-up rates on these accounts is 15.50% to 17.50% (June 30, 2022: 5.0% to 13%) per annum.

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
<b>5. INVESTMENTS</b>			
<b>Fair value through profit or loss</b>			
Listed equity securities		<u>406,572</u>	<u>423,649</u>



5.1 Listed equity Securities

Name of investee company	Face value per share (Rupees)	As at July 1, 2022					As at March 31, 2023					Balance as at March 31, 2023			Market value as percentage of net assets	Percentage paid up capital of the investee Company held	
		Purchases during the period	Bonus / right issued during the period	Sales during the period	As at March 31, 2023	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Percentage paid up capital of the investee Company held						
												(Number of shares)					(Rupees in '000)
Fully paid ordinary shares / certificates (unless otherwise stated)																	
<b>Automobile Assembler</b>																	
Atlas Honda Limited	10	2,920	200	-	3,120	1,171	836	(335)						0.20	0.00	0.01	
Honda Alias Care (Pakistan) Limited	10	6,770	500	-	7,270	1,406	857	(549)						0.21	0.00	0.01	
Indus Motor Company Limited	10	3,549	150	-	3,699	4,199	3,281	(916)						0.81	0.00	0.00	
Millat Tractors Limited	10	12,623	850	3,747	15,906	10,441	8,585	(1,656)						2.11	2.08	0.01	
Pak Suzuki Motor Company Limited	10	5,132	500	-	5,632	1,172	598	(574)						0.15	0.15	0.01	
					<u>16,389</u>	<u>14,157</u>	<u>(4,232)</u>										
<b>Automobile Parts &amp; Accessories</b>																	
Thal Limited	5	10,371	400	-	10,771	2,904	1,759	(1,105)						0.44	0.44	0.01	
					<u>2,904</u>	<u>1,759</u>	<u>(1,105)</u>										
<b>Cable &amp; Electrical Goods</b>																	
Pak Elektron Limited	10	106,393	8,000	-	116,393	1,853	1,315	(538)						0.32	0.32	0.01	
					<u>31,185</u>	<u>2,937</u>	<u>3,511</u>	<u>574</u>						0.86	0.85	0.02	
<b>Cement</b>																	
Chehal Cement Company Limited	10	30,405	1,000	-	31,405	3,714	2,623	(1,091)						0.65	0.64	0.01	
D. G. Khan Cement Company Limited	10	57,087	3,000	-	60,087	2,951	2,793	(158)						0.69	0.68	0.01	
Fuji Cement Company Limited	10	188,300	20,500	24,725	233,525	2,071	2,203	132						0.54	0.53	0.01	
Kohat Cement Company Limited	10	15,300	500	-	15,800	14,584	12,763	(1,821)						3.14	3.10	0.01	
Lucky Cement Limited (note 5.1.1)	10	28,284	2,450	-	31,734	3,500	3,325	(175)						0.82	0.81	0.01	
Maple Leaf Cement Factory Limited	10	129,247	-	1,260	130,507	1,774	2,063	289						0.31	0.30	0.01	
Pioneer Cement Limited	10	29,400	-	-	29,400	31,531	29,281	(2,250)						0.22	0.22	0.01	
					<u>2,150</u>	<u>1,176</u>	<u>913</u>	<u>(263)</u>						1.11	1.09	0.00	
<b>Chemical</b>																	
Achroma Pakistan Limited	10	2,000	150	-	2,150	4,570	4,509	(61)						0.98	0.98	0.01	
Colgate Palmolive(Pakistan) Limited	10	1,877	200	1,297	3,374	6,783	4,032	(2,751)						0.49	0.48	0.00	
Engro Polymer & Chemicals Limited	10	82,197	4,000	-	86,197	2,709	1,984	(725)						0.64	0.63	0.01	
ICI Pakistan Limited	10	3,438	300	-	3,738	2,462	2,611	149						0.07	0.07	0.02	
Lotte Chemical Pakistan Limited	10	97,500	5,500	-	103,000	17,680	14,049	(3,631)						0.07	0.07	0.02	
					<u>62,512</u>	<u>322</u>	<u>269</u>	<u>(53)</u>									
<b>Close - End Mutual Fund - Class A</b>																	
Hbl Growth Fund - Class A	10	62,512	-	-	62,512	2,119	1,912	(207)						0.46	0.46	0.00	
					<u>30,839</u>	<u>1,712</u>	<u>1,760</u>	<u>48</u>						2.11	2.09	0.02	
<b>Commercial Banks</b>																	
Allied Bank Limited	10	28,839	2,000	-	30,839	11,696	8,595	(3,101)						1.20	1.18	0.01	
Astani Bank Limited	10	98,813	-	14,731	113,544	5,438	4,879	(559)						0.55	0.54	0.01	
Bank Al Habib Limited (note 5.1.1)	10	186,932	16,500	1,200	202,232	2,409	2,235	(174)						3.72	3.67	0.01	
Bank Alfalah Limited	10	160,534	9,000	-	169,534	18,551	15,135	(3,416)						0.93	0.92	0.01	
Faysal Bank Limited	10	97,680	5,000	-	102,680	4,999	3,795	(1,204)						3.28	3.24	0.01	
Habib Bank Limited (note 5.1.1)	10	189,733	22,800	5,700	218,233	12,878	11,914	(964)						2.93	2.89	0.01	
Habib Metropolitan Bank Limited	10	121,748	7,000	660	129,408	14,220	13,329	(891)						0.72	0.71	0.01	
MCB Bank Limited (note 5.1.1)	10	108,068	8,500	680	117,248	12,894	11,914	(980)						0.25	0.25	0.00	
Meazzan Bank Limited (note 5.1.1)	10	131,438	6,500	10,532	148,470	3,838	3,841	(3)						0.35	0.35	0.01	
National Bank of Pakistan	10	45,848	5,500	-	51,348	985	1,015	30						3.61	3.56	0.01	
Standard Chartered Bank (Pakistan) Limited	10	322,741	-	32,274	355,015	15,533	14,682	(851)						0.01	0.01	0.01	
The Bank of Punjab	10	126,679	14,800	-	141,479	96,143	83,623	(12,520)						0.35	0.34	0.01	
United Bank Limited (note 5.1.1)	10	82,700	-	82,700	18,750	1,945	1,411	(534)						0.41	0.40	0.01	
					<u>39,100</u>	<u>2,321</u>	<u>1,658</u>	<u>(663)</u>						0.27	0.26	0.01	
<b>Engineering</b>																	
Asha Steel Mills Limited	10	18,750	-	-	18,750	5,860	4,160	(1,400)						6.08	6.00	0.02	
International Industries Limited	10	39,100	-	-	39,100	2,329	2,509	(179)						3.54	3.49	0.01	
International Steels Limited	10	20,705	1,500	-	22,205	2,472	1,531	(941)						0.62	0.62	0.00	
Mughal Iron & Steel Industries Limited	10	81,981	10,000	2,720	94,701	23,065	24,706	1,641						0.37	0.37	0.01	
					<u>155,625</u>	<u>19,000</u>	<u>14,379</u>	<u>(528)</u>						4.85	4.79	0.02	
<b>Fertilizer</b>																	
Engro Corporation Limited (Note 5.1.1)	10	155,625	19,000	4,900	179,525	14,907	14,379	(528)						0.81	0.81	0.01	
Engro Fertilizer Limited (Note 5.1.1)	10	78,634	7,000	-	85,634	3,229	2,509	(660)						0.37	0.37	0.01	
Falima Fertilizer Company Limited	10	114,802	8,000	-	122,802	2,472	1,531	(941)						0.37	0.37	0.01	
Fauji Fertilizer Bin Qasim Limited	10	181,000	22,900	6,460	210,360	21,580	19,738	(1,842)						0.26	0.26	0.01	
Fauji Fertilizer Company Limited (Note 5.1.1)	10	181,000	22,900	6,460	210,360	65,253	62,923	(2,330)						0.01	0.01	0.01	

Name of investee company	Face value per share (Rupees)	As at July 1, 2022				As at March 31, 2023				Balance as at March 31, 2023			Market value as percentage of net assets	Market value as percentage of investments	Percentage paid up capital of the Investee Company held	
		Purchases during the period	Bonus / right issued during the period	Sales during the period	As at March 31, 2023	Carrying cost	Market value	Appreciation / (diminution)	(Rupees in '000)	(%)						
<b>Food &amp; Personal Care Products</b>																
Finlandcampina Engro Pakistan Limited	10	18,224	1,500	-	19,724	1,351	1,124	(227)	0.28	0.27	0.00					
Murrela Brewery Company Limited	10	2,930	300	158	3,072	1,247	1,075	(172)	0.26	0.26	0.01					
National Foods Limited	5	17,602	500	-	18,102	2,619	1,738	(881)	0.43	0.42	0.00					
Nestle Pakistan Limited	10	574	40	-	614	3,081	480	(480)	0.76	0.75	0.00					
Rafhan Maize Products Company Limited	10	-	200	-	200	2,069	1,618	(441)	0.40	0.39	0.00					
Unilever Pakistan Foods Limited	10	-	85	-	85	2,153	1,522	(631)	0.37	0.37	0.00					
Unity Foods Limited	10	119,471	6,000	-	125,471	2,539	1,568	(971)	0.41	0.40	0.01					
						<u>15,529</u>	<u>11,826</u>	<u>(3,703)</u>								
<b>Glass &amp; Ceramics</b>																
Shani Glass Mills Limited	10	63,793	2,500	-	66,293	2,704	2,493	(211)	0.61	0.61	0.01					
Tariq Glass Industries Limited	10	13,000	1,000	-	17,500	1,450	1,232	(218)	0.30	0.30	0.01					
						<u>4,154</u>	<u>3,725</u>	<u>(429)</u>								
<b>Insurance</b>																
Adamiye Insurance Company Limited	10	62,240	-	3,000	59,240	1,870	1,567	(303)	0.39	0.38	0.02					
EFU General Insurance Limited	10	15,637	-	100	15,537	1,733	1,493	(240)	0.37	0.36	0.01					
IGI Holdings Limited	10	8,416	-	8,416	-	-	-	-	-	-	-					
						<u>3,603</u>	<u>3,060</u>	<u>(543)</u>								
<b>Inv. Banks / Inv. Cos. / Securities Cos.</b>																
Dawood Hercules Corporation Limited	10	87,846	5,000	250	92,596	6,569	8,501	(88)	2.09	2.06	0.02					
Pakistan Stock Exchange Limited	10	114,000	12,000	-	126,000	1,286	1,060	(226)	0.26	0.26	0.02					
						<u>9,875</u>	<u>9,561</u>	<u>(314)</u>								
<b>Jute</b>																
Crescent Jute Products Limited	10	500	-	-	500	-	-	-	-	-	0.00					
						<u>1,704</u>	<u>1,029</u>	<u>(675)</u>								
<b>Leather &amp; Tanneries</b>																
Service Industries Limited	10	4,830	-	-	4,830	-	-	-	0.25	0.25	0.01					
<b>Miscellaneous</b>																
Pakistan Services Limited	10	5,440	200	200	5,440	8,372	4,570	(3,802)	1.12	1.11	0.02					
Shifa International Hospitals Limited	10	6,866	-	-	6,866	1,230	817	(413)	0.20	0.20	0.01					
						<u>9,602</u>	<u>5,387</u>	<u>(4,215)</u>								
<b>Moderabas</b>																
First Habib Moderaba	5	40,500	-	-	40,500	379	278	(100)	0.07	0.07	0.02					
<b>Oil &amp; Gas Exploration Companies</b>																
Man Petroleum Company Limited	10	6,898	480	-	7,378	12,795	11,165	(1,630)	2.75	2.71	0.01					
Oil & Gas Development Company Limited (note 5.1.1)	10	165,937	20,000	4,900	182,037	14,424	15,175	751	3.73	3.68	0.00					
Pakistan Oilfields Limited (note 5.1.1)	10	33,384	3,850	1,100	36,334	14,750	14,493	(257)	3.56	3.52	0.01					
Pakistan Petroleum Limited (note 5.1.1)	10	172,530	16,000	1,330	187,200	12,616	11,973	(643)	2.94	2.91	0.01					
						<u>54,585</u>	<u>52,906</u>	<u>(1,679)</u>								
<b>Oil &amp; Gas Marketing Companies</b>																
Attock Petroleum Limited	10	6,390	500	1,597	8,487	2,212	2,492	280	0.61	0.60	0.01					
Pakistan State Oil Company Limited (note 5.1.1)	10	54,395	4,800	-	59,195	10,074	6,978	(3,096)	1.72	1.69	0.01					
Shell Pakistan Limited	10	12,702	1,000	-	13,702	1,621	1,074	(547)	0.26	0.26	0.01					
Sui Northern Gas Pipelines Limited	10	73,570	4,000	-	77,570	2,669	3,032	363	0.75	0.74	0.00					
						<u>15,576</u>	<u>13,576</u>	<u>(2,000)</u>								
<b>Paper &amp; Board</b>																
Century Paper and Board Mills Limited	10	16,790	1,500	-	20,119	1,149	948	(201)	0.23	0.23	0.01					
Packages Limited	10	8,089	400	-	8,489	3,383	2,864	(499)	0.71	0.70	0.01					
						<u>4,532</u>	<u>3,832</u>	<u>(700)</u>								
<b>Pharmaceuticals</b>																
Abbott Laboratories (Pakistan) Limited	10	5,464	200	-	5,664	3,689	2,341	(1,348)	0.58	0.57	0.01					
AGP Limited	10	21,376	-	-	21,376	1,873	1,159	(714)	0.29	0.28	0.01					
Glaxo Smithkline Pakistan Limited	10	13,273	-	-	13,273	1,658	1,096	(662)	0.27	0.27	0.00					
Highmoon Laboratories Limited	10	4,640	500	-	5,140	2,732	2,424	(308)	0.60	0.59	0.01					
The Saario Company Limited	10	35,508	3,000	9,127	47,635	4,132	2,452	(1,680)	0.60	0.60	0.01					
						<u>14,084</u>	<u>9,472</u>	<u>(4,612)</u>								
<b>Power Generation &amp; Distribution</b>																
HUB Power Company Limited (Note 5.1.1)	10	251,595	31,600	8,930	274,265	18,662	18,521	(161)	4.56	4.50	0.02					
K-Electric Limited	3.5	712,648	6,000	-	712,648	2,166	1,475	(691)	0.36	0.36	0.00					
Kot Addu Power Company Limited	10	118,779	6,000	675	124,104	3,419	2,990	(429)	0.74	0.73	0.01					
Nishat Chunan Power Limited	10	-	20,023	20,023	-	-	-	-	-	-	-					
						<u>24,767</u>	<u>27,986</u>	<u>(3,219)</u>								

Name of investee company	Face value per share (Rupees)	Balance as at March 31, 2023						Market value as percentage of investments	Market value as percentage of net assets	Percentage paid up capital of the Investee Company held		
		As at July 1, 2022	Purchases during the period	Bonus / right issued during the period	Sales during the period	As at March 31, 2023	Carrying cost				Market value	Appreciation / (diminution)
<b>Property</b>												
Javedani Corporation Limited	10	29,500	-	-	-	29,500	1,239	1,357	118	0.33	0.33	0.01
<b>Real Estate Investment Trust</b>												
Dolmen City REIT	10	143,000	12,500	-	-	155,500	2,104	2,119	15	0.52	0.51	0.01
<b>Refinery</b>												
Attock Refinery Limited	10	11,123	-	-	80	11,043	1,941	1,880	(61)	0.46	0.46	0.01
Energyco Pk Limited	10	413,300	-	-	-	413,300	2,207	1,430	(777)	0.35	0.35	0.01
National Refinery Limited	10	6,700	-	-	-	6,700	1,692	893	(699)	0.24	0.24	0.01
							<u>5,640</u>	<u>4,303</u>	<u>(1,337)</u>			
<b>Sugar &amp; Allied Industries</b>												
Shakarganj Limited	10	12,500	2,000	-	14,500	-	-	-	-	-	-	-
<b>Synthetics And Rayon</b>												
Ibrahim Fibres Limited	10	3,690	-	-	-	3,690	627	738	111	0.18	0.18	0.00
<b>Technology &amp; Communication</b>												
Air Link Communication Limited	10	-	31,300	-	-	31,300	1,047	633	(414)	0.16	0.15	0.01
Avancon Limited	10	24,250	1,500	-	-	25,750	2,002	1,649	(353)	0.41	0.40	0.01
Pakistan Telecommunication Company Limited	10	140,517	16,500	-	-	157,017	1,092	917	(175)	0.23	0.22	0.00
Systems Limited (note 5.1.1)	10	42,760	11,500	-	1,400	52,660	18,737	24,424	5,687	6.01	5.93	0.02
TRG Pakistan Limited (note 5.1.1)	10	120,955	7,600	-	21,460	107,095	8,562	11,355	2,794	2.79	2.76	0.02
							<u>31,440</u>	<u>38,979</u>	<u>7,539</u>			
<b>Textile Composite</b>												
Azgard Nine Limited	10	86,300	-	-	86,300	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	10	36,620	3,500	-	-	40,120	1,351	847	(504)	0.21	0.21	0.01
Interco Limited	10	33,930	1,500	1,417	-	36,847	2,165	1,765	(400)	0.43	0.43	0.00
Kohinoor Textile Mills Limited	10	20,895	2,000	-	-	22,895	1,156	1,200	44	0.30	0.29	0.01
Nishat (Chunani) Limited	10	25,630	-	-	-	25,630	1,148	531	(617)	0.13	0.13	0.01
Nishat Mills Limited	10	41,047	-	-	4,575	36,472	2,696	1,919	(777)	0.47	0.47	0.01
							<u>8,516</u>	<u>6,262</u>	<u>(2,254)</u>			
<b>Textile Spinning</b>												
Gadoon Textile Mills Limited	10	2,000	-	-	-	2,000	540	385	(155)	0.09	0.09	0.01
<b>Textile Weaving</b>												
Yousaf Weaving Mills Limited	10	9,500	-	-	-	9,500	47	31	(16)	0.01	0.01	0.01
<b>Tobacco</b>												
Pakistan Tobacco Company Limited	10	3,120	250	-	-	3,370	3,294	2,258	(1,036)	0.56	0.55	0.00
<b>Transport</b>												
Pakistan International Bulk Terminal Limited	10	212,435	23,000	-	13,000	222,435	1,330	939	(391)	0.23	0.23	0.01
<b>Vanaspatti &amp; Allied Industries</b>												
Punjab Oil Mills Limited	10	500	-	100	-	600	88	66	(22)	0.02	0.02	0.01
<b>Woollen</b>												
Bannu Woollen Mills Limited	10	1,000	-	-	-	1,000	29	20	(9)	0.00	0.00	0.01
<b>Total as at March 31, 2023</b>							<u>453,620</u>	<u>406,572</u>	<u>(47,048)</u>			
<b>Total as at June 30, 2022</b>							<u>512,025</u>	<u>423,649</u>	<u>(88,376)</u>			

5.1.1 These investments held by the Fund exceeded the limit prescribed by the regulation 55(9) of NBFC regulations. The said regulation states that the weight of the security invested into shall not exceed the weight of the security in the index or its subset. Arrangements have been made to adjust these investment with the weight prescribed in the NBFC regulations.

5.1.2 These includes 100,000 shares of Oil & Gas Development limited as pledged with National Clearing Company of Pakistan Limited as on March 31, 2023.

		(Unaudited) March 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>5.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified at "fair value through profit or loss"</b>			
Market value of investments	5.1	406,572	423,649
Carrying amount of investments	5.1	<u>(453,620)</u>	<u>(512,025)</u>
		<u>(47,048)</u>	<u>(88,376)</u>

**6. DIVIDEND AND PROFIT RECEIVABLE ON BANK DEPOSITS**

Dividend receivable		4,441	174
Profit receivable on bank balances		<u>73</u>	<u>92</u>
		<u>4,514</u>	<u>266</u>

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

Security deposits with			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100
Prepaid annual listing fee of PSX		6	-
Advance Tax	7.1	<u>80</u>	<u>66</u>
		<u>2,686</u>	<u>2,666</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance), payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150 of the Ordinance. However, uptill period ended December 31, 2021, 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 produced before him by the withholder.

		(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>8. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee	8.1	273	265
Sindh Sales tax on management fees	8.2	35	34
Expenses allocated by the management company	8.3	36	35
Federal Excise Duty on Management Company	8.4	1,357	1,357
Sales Load Payable		<u>15</u>	<u>-</u>
		<u>1,716</u>	<u>1,691</u>

- 8.1 The Management Company has charged remuneration at the rate of 0.75% per annum (June 30, 2022: 0.75%) of the average daily net assets. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 8.2 Sindh sales tax on services at the rate of 13% (June 30, 2022: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.
- 8.3 The Management Company has charged expenses at the rate of 0.1% (June 30, 2022: 0.1%) per annum of the average annual net assets of the Fund.

- 8.4 There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the note 9.4 to audited annual financial statements of the Fund for the year ended June 30, 2022. Had the provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2023 would have been higher by Re 0.0396 per unit (June 30, 2022: Re 0.0.040 per unit).

		(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	9.1	73	71
Sindh Sales Tax on trustee fee	9.2	10	9
		83	80

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

**Net assets upto Rs. 1 billion**

0.2% per annum of the daily average net assets of the Fund.

**Net assets exceeding Rs. 1 billion**

Rs. 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding

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

		(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>			
Annual fee payable to SECP	10.1	64	92

- 10.1 All Collective Investment Schemes are required to pay annual fee at an amount equal to 0.02% of the daily average annual net assets of the scheme. The fee is payable annually in arrears.

		(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>11. ACCRUED AND OTHER LIABILITIES</b>			
Brokerage payable		32	18
Auditor's remuneration		261	283
Printing charges payable		150	150
Withholding tax payable		8	21
NCC fee payable		26	-
Others		3,150	3,195
		3,627	3,667

## 12. TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund from July 1, 2021 to March 31, 2023 is 1.50% (annualised) (June 30, 2022: 1.50%) and this includes 0.15% (June 30, 2022: 0.17%) representing government levy, SECP fee etc.

## 13. CONTINGENCIES AND COMMITMENTS

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

## 14. TAXATION

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

## 15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund includes the Management Company, other Collective Investment Schemes managed by the Management Company, the Trustee, AKD Securities Limited, directors, officers, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

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

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

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

	(Unaudited) March 31, 2023	(Unaudited) March 31, 2022
	----- (Rupees in '000) -----	
<b>Transactions during the period</b>		
<b>AKD Investment Management Limited - Management Company of the Fund</b>		
Remuneration for the period	2,409	2,621
Sindh Sales tax on Management Company's Remuneration	313	341
Allocated expenses by the Management Company	321	349
Sales load	11	3
<b>AKD Securities Limited - Brokerage House</b>		
Commission expenses on purchase and sale of marketable securities	-	3



	(Unaudited) March 31, 2023 ----- (Rupees in '000) -----	(Unaudited) March 31, 2022 ----- (Rupees in '000) -----
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee	642	699
Central Depository Service charges	127	8
Sindh Sales Tax on Trustee Fee and CDS Charges	100	91

	(Un-Audited) March 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2022 ----- (Rupees in '000) -----
<b>Balances outstanding at the period / year end</b>		

**AKD Investment Management Limited -  
Management Company of the Fund**

Remuneration payable	273	265
Allocated expenses by management company payable	36	35
Sindh sales tax payable on Management Company's remuneration	35	34
Federal Excise Duty payable on Management Company's remuneration	1,357	1,357
Sales load payable	15	3

**Payable to Central Depository Company of Pakistan - Trustee**

Remuneration payable	73	71
Security deposit	100	100
CDS charges payable	3	1
Sales tax on Trustee Fee payable	10	9

**Mr. Aqeel Karim Dhedhi - Chairman of the Group**

Units outstanding 390 (June 30, 2022: 390)	5	5
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**Unit holders having more than 10% units**

**National Bank of Pakistan Employees Pension Fund**

Number of units outstanding : 31,210,812 (June 30, 2022 : 31,210,812)	375,513	392,410
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**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is 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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level-1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level-2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level-3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	As at March 31, 2023 (Unaudited)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>Investments</b>				
<b>Fair value through profit or loss</b>				
Listed equity securities	<u>406,572</u>	-	-	<u>406,572</u>

	As at June 30, 2022 (Audited)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>Investments</b>				
<b>Fair value through profit or loss</b>				
Listed equity securities	<u>423,649</u>	-	-	<u>423,649</u>

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


17. DATE OF AUTHORISATION FOR ISSUE

28 APR 2023

This condensed interim financial information was 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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